

Transcription

Marketing and Sales Channel Strategy



Product managers in most companies work closely with the sales and marketing team to ensure a successful product launch. Therefore, as product managers, it's important to understand key factors that are required to work in coherence with the sales and marketing team.

In this session, you will learn about key sales and marketing strategies that are crucial to product launches, but before that our experts will give you a brief overview of the topics that will be covered in this session.



In this session, we will go through key marketing and sales strategies that are crucial for product managers. A product manager works closely with sales and marketing teams to ensure the following. Proper planning towards the product launch, creating the right sales pitch, identifying the right marketing channels and creating buzz about the product.



The go-to-market strategy and marketing strategy of product sounds similar to me: are they similar or is the marketing strategy of a product different from go-to-market strategy? Let's hear what our experts have to say about this.



Marketing strategy is always ongoing or continuously evolving for the company. That is marketing strategy focuses on how a company can reach its goal over time and deliver against its overall value proposition. Whereas go-to-marketing strategy is focused on how you will launch your next special event, that is go-to-marketing strategy focuses on how to bring new products or services to market.


Marketing strategy is long-term and company driven and the go-to-market strategy is short-term and product driven. The purpose of marketing strategy is to place the organization in a competitive advantage as position for years and future. The purpose of go-to-marketing strategy is to make sure the product reaches its right audience.

A marketing strategy is driven by dedicated marketing teams. They work on strategy and support all teams who closely work with the customers. For example, sales, support, product engineering, product marketing teams, etc. Whereas go-to-market strategy is driven by product marketing teams. They work with cross-functional teams to make go-to-market a success.

Example, product marketing team works with sales team to define pricing strategy and work with support teams on providing the product training.

In startups, both marketing strategy and go-to-marketing strategy could be same as they want to bring their product to the market. Whereas in mature enterprise organization, marketing strategy and go-to-marketing strategy involves different teams on different mission and goals.

GOOGLE MAPS – MARKETING vs GO-TO-MARKET STRATEGY



Marketing Strategy

- To increase customer usage by offering free sign up so that Google can collect consumer data to place advertisements better
- Google positioned its marketing strategy for customers who search locations and advertisers on the Google platform

Go-to-Market Strategy

- Launch of cab booking feature in Google maps
- The cab booking feature targets customers who would book a cab when searching a particular address

Now, let's see a real-world example, Google Maps is a free app for consumers, but Google charges advertisers for their location visibility, while customers search in Google Maps. Here, marketing strategy is to increase customer usage by offering the free app. So that Google can collect consumer data to better place advertisements.

Advertisers get better conversion rates because of the accuracy of their target customers. In this way, Google position its marketing strategy for consumers who search locations and advertisers on Google platform. You would have seen new features in Google Maps to book cabs. Launch of this feature is an example of go-to-market strategy.

Cab booking featured targets, customers who would book a cab when searching a particular address. Google integrated car booking services with Ola and Uber in India.



I hope you now understand the difference between the go-to-market strategy of a product and its marketing strategy. You also saw an example of the difference between the GTM strategy and the marketing strategy of a widely used product, Google Maps. Let's understand the various sales and marketing strategies in the next segment.



Sales and marketing teams leverage several channels to acquire customers and communicate their message to the target audience. So, let's take a look and see what are the several channels that sales and marketing teams within companies use.

MARKETING CHANNELS

Marketing channels are ways to **reach** out to **customers** to create **awareness** about a product

- Pay-Per-Click Marketing
- Social Media Promotions
- Email Marketing
- Traditional TV/Media Advertisement
- Word of Mouth



Now we will look at different marketing and sales channels. What is a marketing channel? Marketing channels are the ways to reach out to the customers to create awareness about the product. Key marketing channels used by most of the organizations are pay-per-click marketing, which is promoting products through advertisements through social media or search engines. Social media promotions, email marketing, which is reaching out to people through personalized emails, traditional TV or media advertising and finally word-of-mouth marketing.



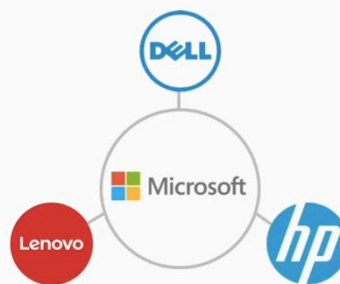
What are the different sales channels that companies generally use?

Now, let's see what are the different sales channels that companies generally use and how do these channels differ with different products?

SALES CHANNELS

Sales channel are the platforms through which your product is sold to the audience.

- Website and Shopping Cart
- E-commerce Marketplace
- Social Media Marketplace
- Direct Selling
- Indirect Selling



Sales channels are the places through which your product is sold. Common sales channels are website and shopping cart, which is very common where companies sell their products through their own website. For example, selling iPhone through Apple website.

Second, ecommerce marketplaces where organizations sell their products through e-commerce websites like Amazon, eBay and Flipkart. Then social media marketplaces, where organizations integrate with social media marketplaces like Facebook and Instagram.

Direct Selling, where organizations own physical space to sell their products. For example, apple products are sold through Apple stores. Finally, indirect selling, where organizations sell their products through partners. For example, Microsoft selling Windows operating system licenses through OEMs, original equipment manufacturers like Dell, Lenovo and HP.



In general marketing teams, primary goals are brand awareness, generating high volume of qualified leads, attributing marketing activities to revenue generation and increasing brand engagement. Whereas sales teams focus on increasing revenue, converting leads to deals, reduce sale cycles and customer retention.

Sales and marketing teams should work on common company goals to drive their strategy through their respective channels. For example, the common goal for both teams is to increase organizations revenue. So marketing and sales teams should develop a strategy to achieve that goal.



The best ways are defining single customer journey map, which both teams can refer to. Define joint KPIs to measure the quality of leads and work together on customer feedback.

Apple is a great example on how to effectively drive multi-channel marketing and sales. Apple uses every possible marketing channel to promote their product like pay-per-click marketing, social media promotions, email marketing, traditional TV or media advertising and word of mouth marketing. Also Apple is considered as click and mortar retailer, because Apple operates both physical and online stores to sell their products. Apple products are sold through their own website, retail shops and through ecommerce portals. Here the company's goal is to create an experience ecosystem with Apple products.

Both marketing and sales teams of Apple did an amazing job of taking this goal to consumers through simple advertisements, targeting right segments and building customer loyalty.



By now, you've realized that marketing channels are a way to reach out to your customers and create more awareness of the product and sales channels are the way that your products are sold. Sales and marketing teams within organizations need to work with common company goals to drive these strategies through their respective channels. In the next segment, you will learn about the different channels that companies use to acquire their customers.



Up until now, we focus on how to reach you target customers. However, an important part of sales and marketing is customer acquisition. It is important to understand how companies acquire their customers and what customer acquisition channels do they use.



So far we have seen how to take your product to customers, but how do you go about the important task of acquiring them? Let's figure out what customer acquisition is. If you want customers for your product, then you have to have a strategy to acquire them. That is persuading customers through various ways to look at the product and eventually be paying customers.

Customer Acquisition

In terms of marketing a product, refers to developing and executing a strategy to **increase** the number of **customers** **who use your product** and eventually pay for it.



Customer acquisition in terms of a product marketing is developing and executing a strategy to increase the number of customers who use your product and eventually pay for it. Purpose of customer acquisition is to define your customer journey and go deeper on the following: identify any leads, identify any prospects, evaluate if these leads or prospects can be customers and, finally, how to acquire these customers.

Finding a consistently rewarding customer acquisition channel is rare. Hence we have to try out multiple channel approaches. Some of the examples of customer acquisition channels are public relations, search engine marketing, SEM or Adwords, search engine optimization, advertising and email marketing, conducting sales events, trade shows, offline events and finally, a viral marketing.

Viral marketing is a method of marketing whereby consumers are encouraged to share information about the products through their network or by word of mouth. That's why companies look at celebrity partnerships and endorsements to boost brand value and customer appeal also to add an aspirational value to products.



I'm sure by now you have fair understanding of the major acquisition channels that companies use. However, not all acquisition channels would provide you with similar results, and that is why it is important to measure the performance of these acquisition channels. In the next segment, you will learn how to measure the effectiveness of acquisition channels from our experts.



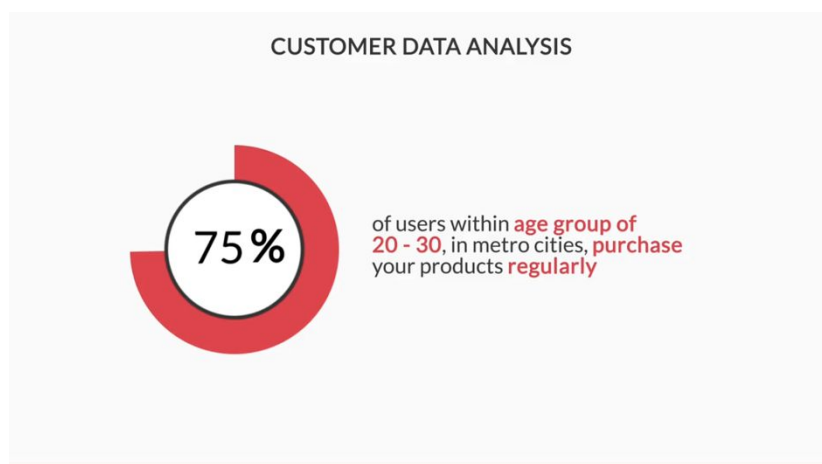
Almost every company uses several channels for customer acquisition. However, for optimum utilisation of time and resources, it is important for companies to understand which of these channels provides the best performance to them.



As discussed in the previous segment, there are no consistently rewarding customer acquisition channels. Hence, we have to iterate, measure and choose right channels for the product. In this module, we will see how to measure the effectiveness of the chosen customer acquisition channels. To do that it is recommended to define a customer acquisition plan to measure the effectiveness of the channel.

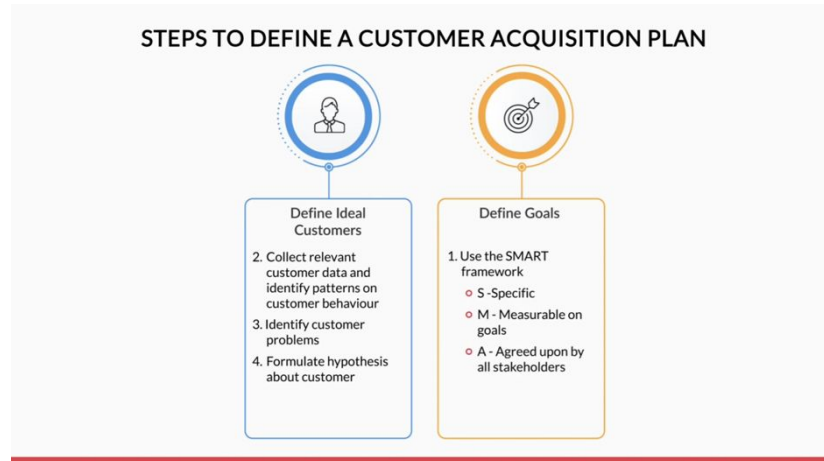
So to define customer acquisition plan, standardise the goal and outcome for your product, that is define your Ideal customer, define your goals. Define your acquisition funnels, know your metrics and track everything. Now let's deep dive on how to define your ideal customer. Data is the ultimate tool to help define your ideal customer.

Identify data patterns about your customers through geography or repeated users, interests, statuses and email engagement. Collect relevant customer data and identify patterns on customer behaviour. Identify customer problems. Use scientific methods to create hypothesis about your customers using telemetry or instrumental data.



So let's take an example. So based on our customer behaviour data, you identify 75% of users within the age group of 20-30 in metro cities in India purchase your products regularly. So in this case, the ideal customer for the product is the users in the age group of 20 to 30.

The customer acquisition channels used to promote the product should be focused on this age group to maximize the outcome. Now let's see how to define your goals.

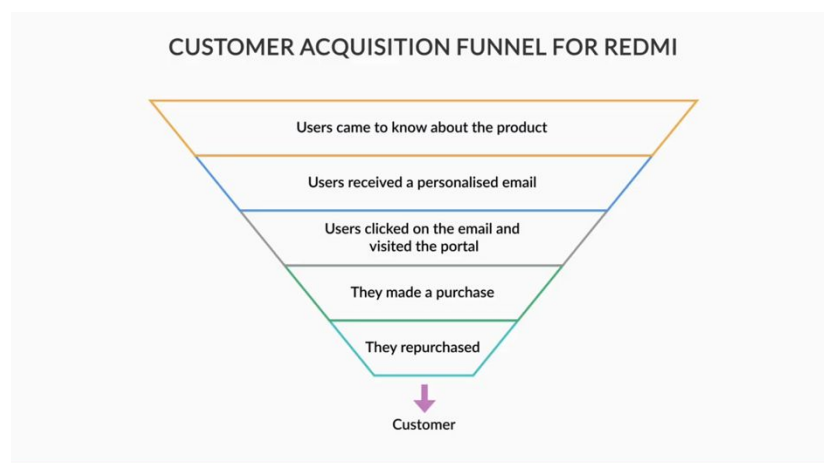


For goals definition, use the SMART framework which is:

- S: Specific or well-defined.
- M: Measurable on your goal.
- A: Agreed upon by all stakeholders.
- R: Realistic within the availability of resources, knowledge and time.
- T: Time to achieve the goal.

Every product release should have the right goal aligned to the company's vision. Also the goal should be common among both sales and marketing teams. Examples of few goals are, increase web traffic by certain percentage or gain more social media followers. Grow an email list, improve conversion rates, get more website or social media engagement.

The customer acquisition channel should bring value to the agreed goal. Now let's focus on customer acquisition funnel. The primary purpose of customer acquisition is to bring customers to the product and achieve the companies goal. As a next step we have to define the stages of customer journey which is called customer acquisition funnel.



Let's say an individual is looking to buy a mobile phone. This person came to know about Redmi phone, that through promotions, which is the marketing strategy on TVR media. Once fine day the individual received an email about the new mobile phone from Redmi. A personalized mail is one of the customer acquisition channel. He/she clicked on the link from the email and visited the portal. After exploring the product details, he/she purchase the mobile phone. Further looking into the other products from Redmi, the customer bought Bluetooth headphones. In this flow of events, an individual becomes a customer.

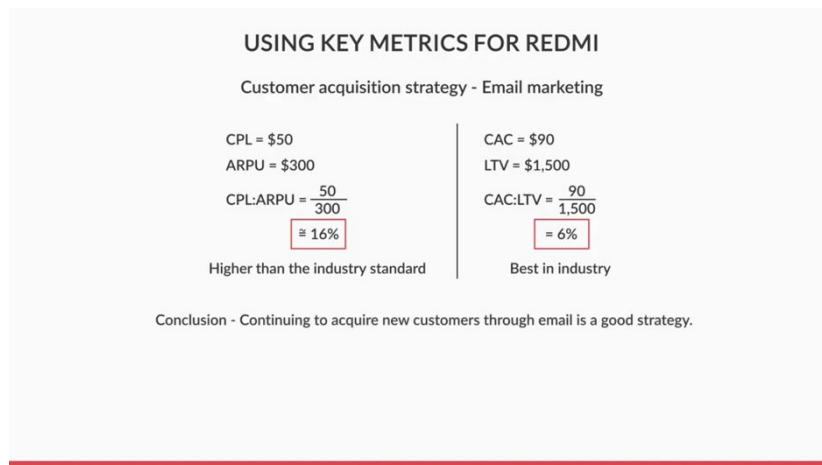


Customer acquisition funnel is to track every step of an individual becoming a customer. As we have seen the above example, there are 4 stages in customer acquisition.

- Leads: How customers came to the portal? Example: A potential customer came to a website through email promotion. Prospects: How customer evaluate the product or service. In that example, the customer review specifications of Redmi phone models and price.
- Customer: Users who bought the phone.
- Revenue: A regular revenue through the existing customer. In the above example, customer continued to buy Redmi products like Bluetooth headphones.

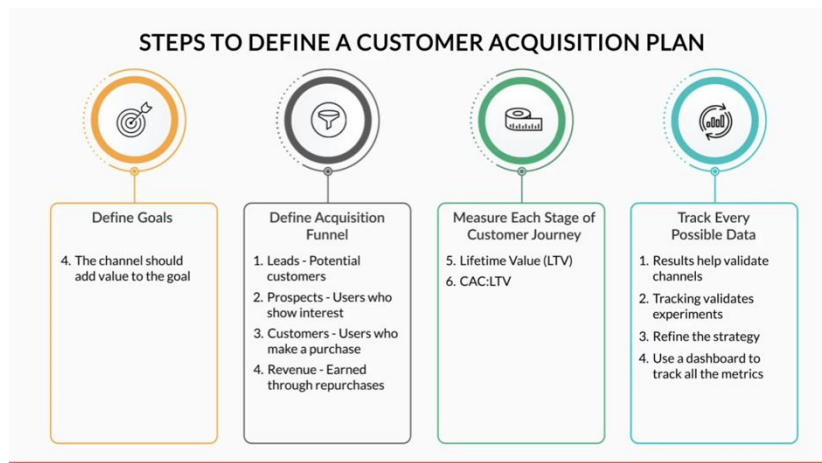
Now we have to measure each stage of the customer journey. Metrics give valuable insights and help guide marketing decisions or choosing right customer acquisition channels. Key metrics to be measured are, CPL (cost per lead). It is a real dollar value incurred by companies to get the customer leads. In the above example, CPL is money spent to identify the potential customers to reach out based on their interest, cost of sending mails and running commercials. CPL will give indication on whether money spent on customer acquisition channels is worth its investment.

Then cost to acquire the customer. To get this metric take the amount of marketing spend like what you spend on the ads divided by the number of customers in a month. Another key metric to be tracked is average revenue per account or customer. Then lifetime value of a customer otherwise referred as the predicted revenue from the customer and, finally, the ratio of cost to acquire the customer to the lifetime value.



These metrics give clear indication on performance of customer acquisition channels. For example, let's say redmi is primary relying on email strategy to acquire new customers. If the CPL or the cost per lead is \$50 and average revenue per customer is \$300. Then CPL to average revenue per customer ratio is around 16% which is high compared to industry standard.

So let's drill down to next metric. Let's say the cost to acquire a customer is \$90 and lifetime value of the customer is \$1500. Then the ratio between cost to acquire the customer to lifetime value is 6% which is the best in industry. In this case, continuing to acquire new customers through email is a good strategy.



So finally to choose the right customer acquisition plan, track every data possible. The only way to validate your acquisition plan is based on results. Tracking helps validating the experiments and refine the strategy. As a good practice, PM's should build a dashboard to track all key metrics. As we covered earlier, define all these steps, iterate, measure and choose the right customer acquisition channel for your product.



Let us take one of the industry examples. We can take an example of an enterprise product from Google G Suite. G Suite is the google's collections of productivity and collaborations tools that a lot of people use everyday. It now has a growing userbase of millions of enterprises. But when it was released in 2006, G Suite used a clever referral marketing strategy in order to gain traction with users.



GSUITE'S MARKETING STRATEGY

- 1 In 2006, it used referral marketing
- 2 Incentivised sign-ups by giving monetary rewards
- 3 Provided referral links and coupon codes

Google incentivised sign-ups by giving program participants monetary rewards for each new user they bring on board. Referral links and coupon codes were provided to program participants. As of 2020, a participant gets \$7.5 for every qualified new user that signs up through their link and upto \$750 for every business that signs up.

Also by the start of 2020, 6 million paying businesses use G Suite and it is one of the most widely used software products today.



So in this segment, you learnt how companies can measure the effectiveness of different acquisition channels and you also learnt how to narrow down the channel that gives you the best output. Let's understand this a little better with a few examples. See you then.



We have come to the end of an insightful session, where you learnt about one of the most important aspects of the GTM strategy, the sales and marketing strategy. Let's recap what you learnt in this session.

You started this session by learning about the key tasks that product managers have to perform in coherence with the sales and marketing teams. These tasks include creating a proper plan for the product launch, creating the right sales pitch for your product, identifying the right market channels and, lastly, creating a buzz around the product.

You also gained an understanding of some of the key differences between the marketing strategy and the GTM strategy of product. To understand the difference better, our expert elaborated on the marketing strategy and GTM strategy of Google Maps.

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Next, you learnt that marketing channels are a way for companies to reach out to their target customers to create product awareness. The key marketing channels used by most organizations are pay-per-click marketing, social media promotions, email marketing, traditional TV media advertising and word-of-mouth marketing, such as referrals and invitations.

You also learned that sales channels from the medium through which your product is sold in the market. Some of the common sales channels include websites, shopping carts, ecommerce marketplaces, social media marketplaces, direct selling through company outlets and indirect selling.

Right after that, you learned how you can go about acquiring customers for your product. Having a detailed customer acquisition plan holds the key to the success of your business, because if you want to acquire customers for your product, then you need to have an effective strategy in place. However, one of the most important aspects of building a customer acquisition plan is to identify which acquisition channels are performing the best, and for that you must analyse the effectiveness of these channels.



You can do this by standardized the goal and outcome of your product. The process includes defining your ideal customer, the goals of your product, your acquisition funnel and the key metrics that you will track and tracking every aspect of the customer acquisition process.

Towards the end of the session, you learned about the customer acquisition strategy adopted by Google for one of its enterprise products G Suite. So this is all you learned in this session. In the next session, you will learn about the final component of the GTM strategy, Product launch plan.

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