

What Traders Really Want

PARTNER PROGRAMME 2007

CHANNEL MARKETING
Control sales and communication
channels integrally and make partner
programmes successful

Eine Studie von



Peakom



ChannelPartner

What traders really want:
make partner programmes successful.

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Mobilise added value, co-ordinate sales
and communication channels.

Partner programmes for trade cost manufacturers a great deal of time and money. Rarely do the results meet the expectations in the long term. Why? This question prompted this current study. In autumn 2007, ChannelPartner, JDC and Peakom conducted an extensive survey into the German IT trade. In total, 818 nationwide traders of various sizes and from different categories took part in the online survey.

The aim was to establish successful recommendations for further practice ...

- a) for an improvement of future partner programmes as a core element of co-operation between manufacturers and trade. b) for the best possible co-ordination of the increasing range (found not only in the IT sector) of sales and communication channels.

These goals are all the more important as the area-wide establishment of the Internet and web based applications, which complement the traditional tools, increases the threat of manufacturer measures having less response. Also, resources are not used efficiently enough.

The study, therefore, focuses on three key areas:

- 1.) the current status of partner programmes, the goals and focal points in realisation,
- 2.) trade demands on the manufacturers to make partner programmes successful,
- 3.) the perspectives for the future/ which measures will become more significant.

This brochure summarises the findings, evaluates them and, from this, establishes a course of further action for future strategy and the control of sales communication. The study provides important information for sales and marketing management, not only in the IT sector.

The right measures are known but not properly implemented.

The study findings can be summarised in five closely linked topics:

1) Partner programmes – manufacturers are aware of trader’s needs but these are not fulfilled:

As most of the traders benefited from the services which were most important to them, manufacturers obviously know what traders need. The traders are, nevertheless, dissatisfied as the promised services are often not rendered as hoped for in practice. Perhaps expectations were also too high. It is obviously quite common for a great concept to be planned – at great time and expense and allocated a budget after much discussion – only to then not be implemented with the same level of commitment in everyday business.

2) Partner programmes can achieve a great deal, but can’t do everything:

Besides insufficient technical skill, many partner programmes often don’t work well enough because the demands placed on them are simply too high. Those involved are not clear about what the goals are or there are simply too many – for manufacturer and trader. This not only makes things complicated but, more so, the programme cannot be clearly identified.

3) Partner programmes are not nicely packaged price campaigns:

Maintaining good relationships, as well as getting the best terms and conditions, is important for trade. Technical support and personal advice come before discounts. The traders surveyed did not need a partner programme to get good prices.

4) Traders want to be involved:

The traders surveyed not only want a co-operation with the manufacturer but also want to promote this. The majority could imagine being involved in the concept, planning or realisation of the programmes. Only a few had the opportunity to do so, although the Internet makes this involvement easy. It would be interesting to examine whether this involvement is also put into practice – often everyday business takes over and there is no time for this “side job”.

5) The “KISS” formula for partner programmes:

Criticism from traders clearly shows that many programmes are too complex, which leads to them not being sufficiently understood. In practice, at the latest in everyday business, they are simply forgotten/not enough time and attention is given to them. What remains is frustration on both sides – in trade and in industry. The basic rule for partner programmes is, therefore, “Keep It Simple And Stupid” (KISS).

Overall, the study reveals that the benefits of partner programmes are evaluated very differently in trade, although there is a high level of agreement on the basic importance of them. This situation is both a challenge and an opportunity for manufacturers – to implement the partner programmes in the right way. This is important as manufacturers don’t get a second chance to make a first impression with their programmes.

A possible result: if the trader, as partner, doesn’t benefit much from a programme he won’t get involved. The manufacturer will then change the programme because the trader is not involved. The next time, the trader will not be involved from the start because the first programme was so bad and so on ... And the original idea may not have been so bad.

Ultimately, the concepts – from the viewpoint of trade – are sometimes too demanding, too complex and, above all, the manufacturer is not interested enough to concern himself with the everyday business of the programme. Yet the most important aspect can be promoted with the partner programme: the selling! This feel-good factor is still the most attractive for all. This is also more successful if there is enjoyment in the partnership. Well-managed partner programmes are successful and can then reveal their value: to sell more together. The study gives many hints on implementing this in practice.

Partner programmes are important, realisation is decisive.

The current status – the expectations and the reality of the partner programmes are often miles apart.

There are some manufacturers who claim that the best partner programmes are those which offer trade attractive products at competitive prices. Good products at justifiable market prices are, according to trade opinion, a necessary requirement but not the only requirement for success in business. For around two thirds of the survey participants, a partner programme is important/very important with regard to sales success. ▶ [DIAGRAM 1](#)

Around 28 per cent said: it depends. It depends on what? Of course basically on the quality of the partner programme and how well it will be realised and what it will look like in everyday practice. What was striking here was how this relates to the size of the trading company. In companies with up to nine employees (72 per cent of survey participants), 64 per cent thought

a partner programme was important/very important. With companies of 10 to 19 employees this figure was 84 per cent and, with companies with more than 200 employees, it was 100 per cent.

What are traders' goals in taking part in a manufacturer's partner programme? The partner programme should help trade where it is experiencing the greatest difficulties – in profit! Almost as important is improved customer loyalty. And, as the customer should not only stay with the trader but also buy something, turnover increase was the third most important partner programme goal. Everything else is less important.

▶ [DIAGRAM 2](#)

A partner programme is less direct, but can indirectly increase profit. How is this? Technical support clearly leads the criteria of what specialist traders define as an important service of a partner programme. Regardless of company size, 80 to 90 per cent of the survey participants regarded technical support as important/very important. Equally as important: personal support through manufacturer representatives. The importance of this criteria appears to increase with the size of the business. Personal support is important/very important for 75 per cent of businesses with up to nine employees. In companies with 10 to 19 employees it is 79 per cent and, in companies with 20 to 49 employees, it is more than 83 per cent.

▶ [DIAGRAM 3](#)

Criteria which are almost as important are special discounts and customer leads. With discounts it can be seen, and this comes as no surprise, that the greater the turnover the more important the discounts are. In this evaluation there are 7.3 per cent points between the "Box Mover" and the service provider. What is striking in this criteria is the relation to the size of

DIAGRAM 1: How important are partner programmes for greater sales success?

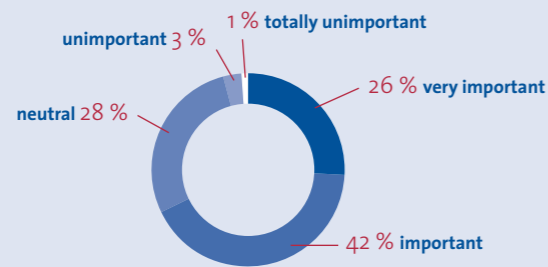
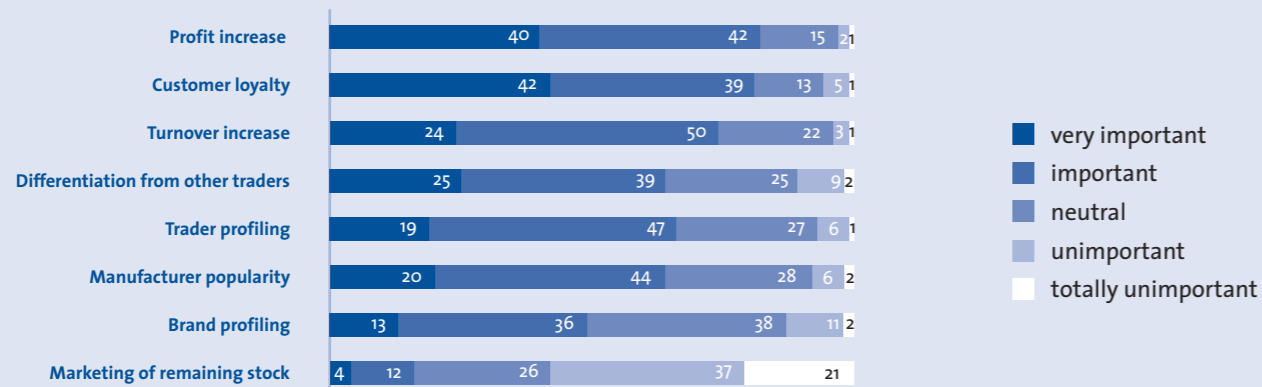
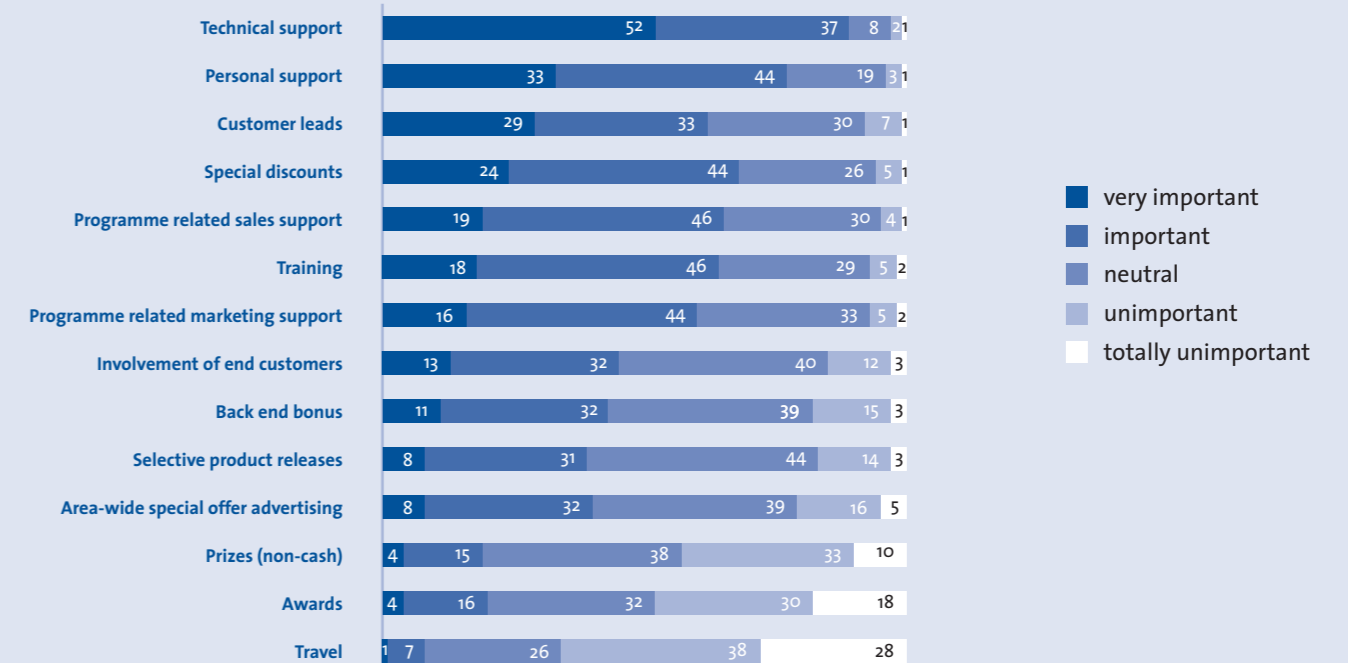


DIAGRAM 2: How important are the following partner programme goals?



All figures in per cent

DIAGRAM 3: How important are the following added value services?



All figures in per cent

3. STUDY FINDINGS

the company. There is no evidence for the assumption that a discount guarantee is very important for small companies. Quite the opposite: 65 per cent of survey participants with up to nine employees regard discounts connected with partner programmes as important/very important. Yet with a company of 10 to 19 employees, the figure was more than 77 per cent and, in companies with 20 to 49 employees, it is almost 76 per cent.

In trade, leads do not have the same relevance for all market participants. They are most important for mid-sized IT solutions (systems) firms and less important for smaller-sized trading firms with store business. The importance of leads increases with the size of the company. Of the survey participants with less than 10 employees, only 56 per cent regard leads as important/very important. With 10 to 19 employees this figure increases to 75 per cent and, with firms of 20 to 49 employees, it is almost 86 per cent.

It comes as no great surprise that IT solutions (systems) firms are more interested in good leads than traders specialising in private business and in-store business. What is interesting, though, is that leads are not as important as might be expected for the service providers. About three quarters of IT solutions (systems) firms stated that leads are important/very important yet for service providers it was only 59 per cent and, with this, not much more than with the “Box Movers” with 54 per cent. Far behind, on the other hand, are the apparent “incentives” such as travel, awards or prizes for doing well in contests. These things usually cost (the manufacturer) a great deal but do not result in much.

Manufacturers have, fundamentally, understood what is important for trade and what services are expected in a partner programme. In response to the question: “Which added value services have you already benefited from?” traders answered that the services which were most important to them were the ones they also received most. Special discounts are even

in first place even though they are only the third most important criteria for traders. The manufacturer attempts to make partner programmes attractive with discounts – but a partner programme is not necessary for discounts. With regards to technical support, personal support/consultation, training and leads, traders’ goals were in agreement with the manufacturers’ services. ▶ [DIAGRAM 4](#)

Overall, there is agreement, but it is the realisation which is decisive. There are, meanwhile, as many partner programmes available as there are pixels on a computer screen. Every trader has, nevertheless, experienced that one programme may work well and another not at all. So, what factors are important for the success of a programme from a trader viewpoint? The findings are hardly surprising. The five most important criteria are, in descending order, 1. realisation works, 2. simple programme with clear services, 3. high quality of support, 4. reliability and continuity in realisation, 5. direct contact to manufacturer. Decisive for success, therefore, is the actual realisation of the concept in practice. As Goethe once said: “All theory is grey...” Hereby, the expertise and commitment of the person providing channel support on the manufacturer’s side plays a decisive role. It is people that make the business, not concepts and programmes.

This highlights clear starting points for manufacturer channel managers. In the concept development of the partner programmes they should focus on the points which are really decisive. The programme should not be grandiose and showy, it should, instead, be simple and clear. This is an important condition of a partner programme which works. It is not the partner programme itself which should impress but what should be achieved with it (and how). A partner programme with a good concept is not worth much if it is only a “paper tiger”. What is really decisive is how this is put into practice. . ▶ [DIAGRAM 5](#)

DIAGRAM 4: Which added value services have traders already benefited from? (Multiple answers possible)

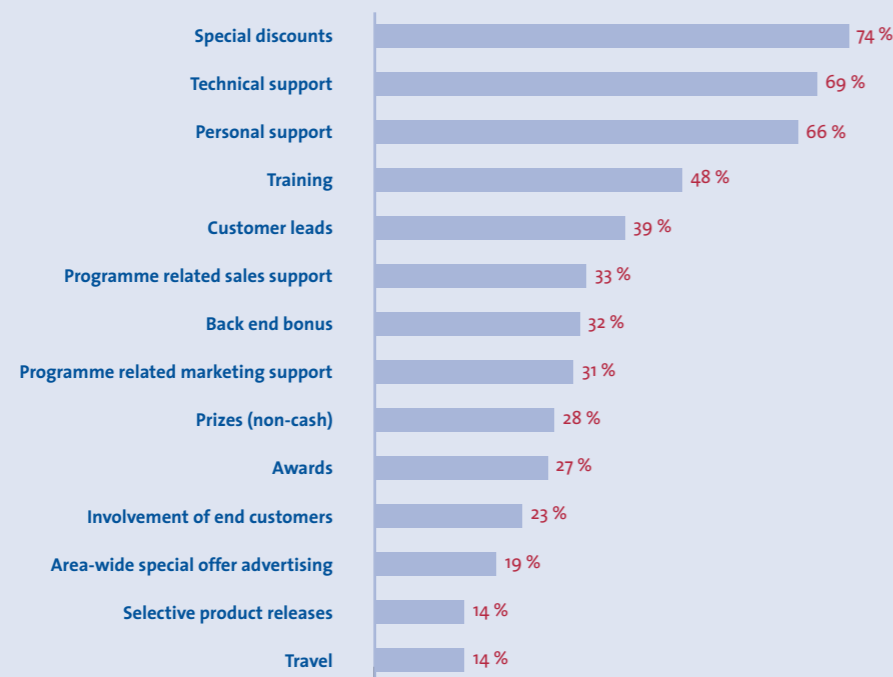
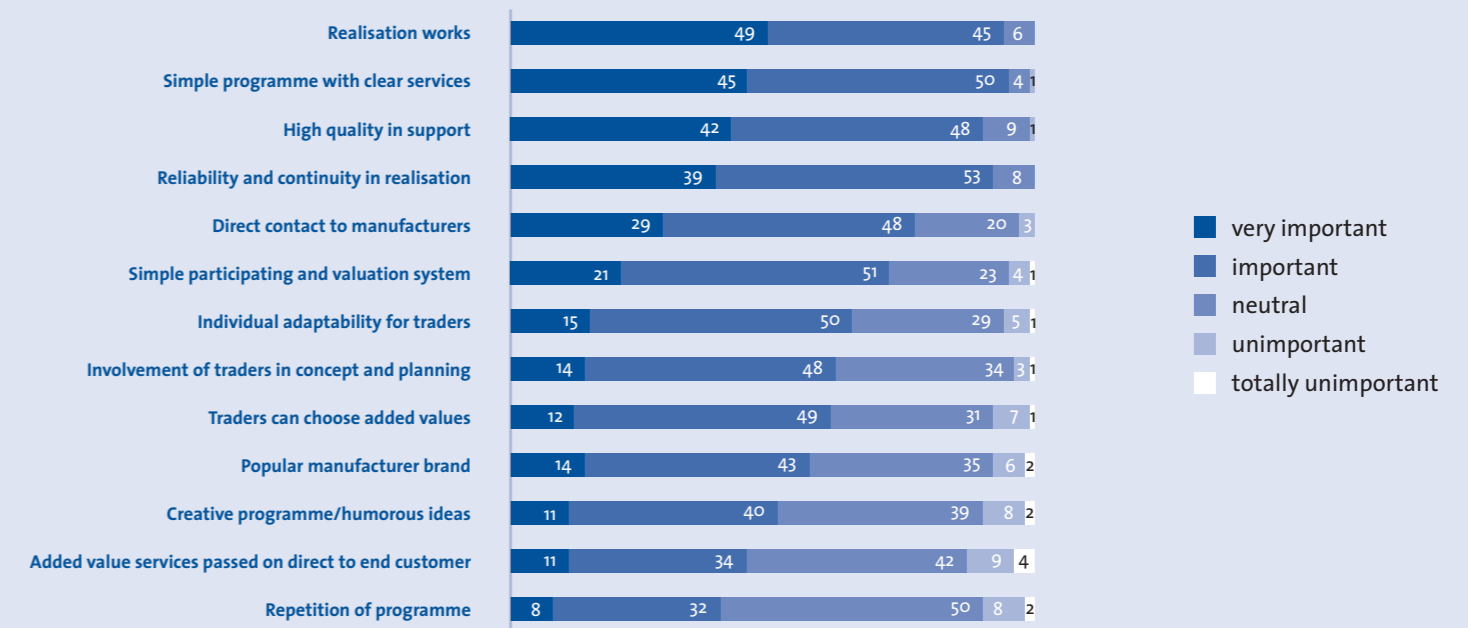


DIAGRAM 5: How important are the following factors for the success of a partner programme?



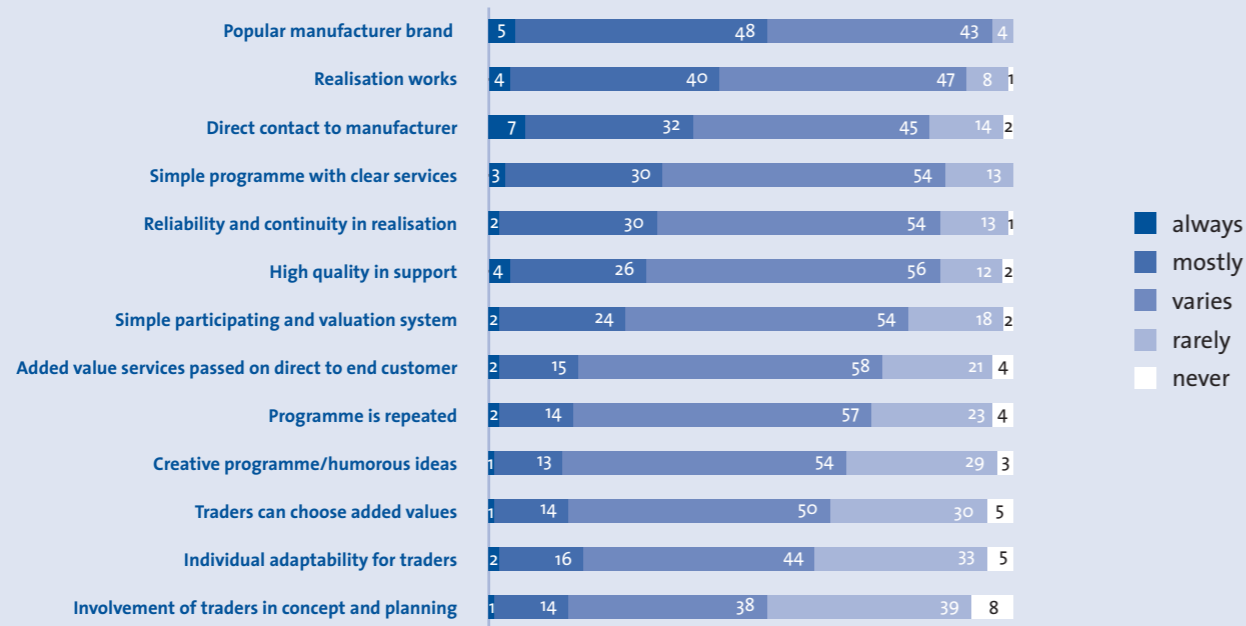
All figures in per cent

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This is exactly where the “wheat is separated from the chaff”. This can be clearly seen in the responses to the question of whether the programmes meet the requirements of the study participants. Most participants simply responded: “Varies, it depends.” In the most important criteria not even every second survey participant thinks that most partner programmes fulfil his requirements. In three out of five criteria it is only just one third of survey participants (simplicity of programme, quality of support and realisation).

► [DIAGRAM 6](#)

DIAGRAM 6: Do the manufacturer programmes meet your requirements?



All figures in per cent

What traders want: the programmes don't have to do everything but the right things should be done correctly.

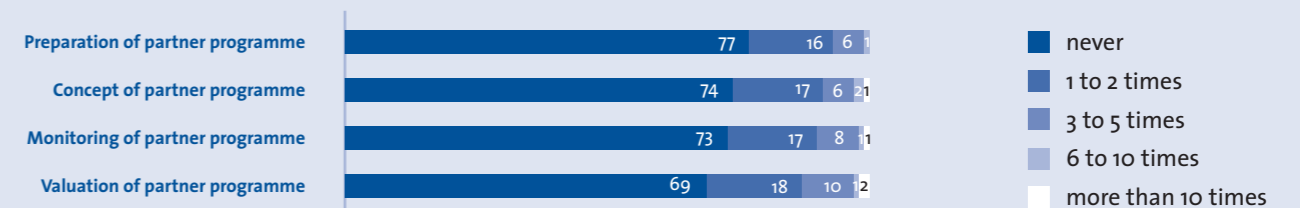
The IT trade has very different experiences of manufacturer programmes. Some work well and are attractive and others are, in contrast, quite the opposite. Particularly in the most important programme factors of traders, it can be seen that the industry managers don't work equally well. With all good intentions, the manufacturers pack the programmes full of services and benefits. They think this will appeal to traders more and, with this, hope that there is something for everyone.

In reality, though, many of these services are irrelevant for the success of a programme and are sometimes even counter-productive. They make the programme less transparent and handling more complex. The programme operation and concept often misses the real needs of the sales partners, and this is sometimes because the manufacturers simply do not talk to their traders about it. The study shows how little industry involves its sales partners in questions concerning the partner programme. Around three quarters of the survey participants said that their manufacturer partners had never even spoken to them about this subject. ► [DIAGRAM 7](#)

This is not only surprising, but also incomprehensible. It is obvious that traders will only buy the “partner programme” product when it fulfils two basic requirements: they understand it and believe that they will be able to benefit from it.

If it does not do this they will, as a rule, leave it. The one or the other trader might get talked into it only for it to then end up as a wasted investment. It is, unfortunately, still everyday practice that the initial participation of traders in partner programmes is high and manufacturers are pleased with the great response. After a while, though, the number of active traders falls, usually rapidly, and many partner programmes degenerate to nothing more than special price offers.

DIAGRAM 7: In what phases did manufacturers involve traders in the partner programme?



All figures in per cent



3. STUDY FINDINGS

Many traders would like to help change the gap between the expectations and the reality of the partner programmes. Many are even prepared to not only take part in a related survey or similar but also invest time and effort in actively trying to develop the partner programmes. More than 40 per cent of the survey participants would be prepared to play an active role in the decisive stage of the creation process, namely the concept stage. ▶ [DIAGRAM 8](#)

With this, the industry could save itself a great deal of work and money. The involvement of the partners in the concept stage of the partner programmes would lead to the considerable streamlining and content reduction of many partner programmes. The study established which partner programme services could be omitted. The findings speak for themselves.

▶ [DIAGRAM 9](#)

According to the findings up until now, the responses of the study participants regarding why the partner programmes fail comes as no great surprise. “Fail” here signifies that the goals of the programme are not achieved. It is not a lack of services/unattractive services of manufacturers which lead to the failure of a partner programme. Communication is often an issue – not only on the part of the manufacturers. Traders often spend a great deal of time getting buying terms and prices and comparing them in order to save a few cents or euros. Then they often don’t want to listen to new information, such as about partner programmes, or simply have no time.

The remaining criticism points are down to the manufacturers themselves – the gap between theory and practice and that the concepts are often too complex and not transparent enough. It is very important for manufacturers to develop a partner programme which is simple to understand. ▶ [DIAGRAM 10](#)

DIAGRAM 8: When are traders prepared to contribute their skills to a partner programme?

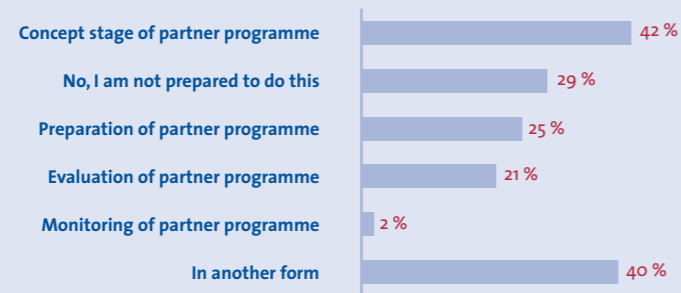


DIAGRAM 10: Why do partner programmes fail?

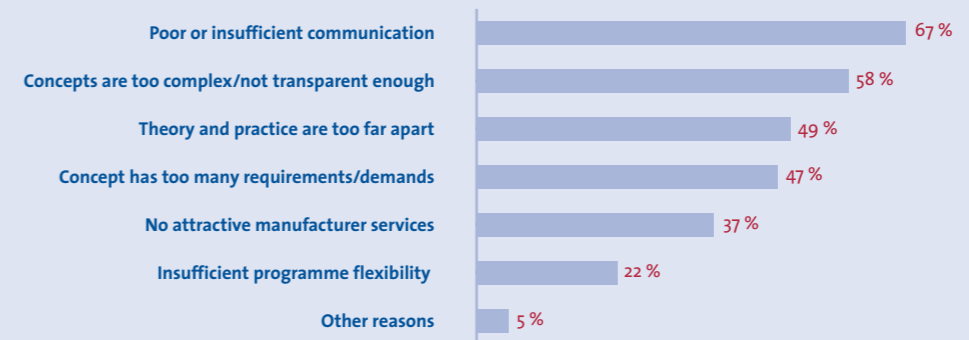
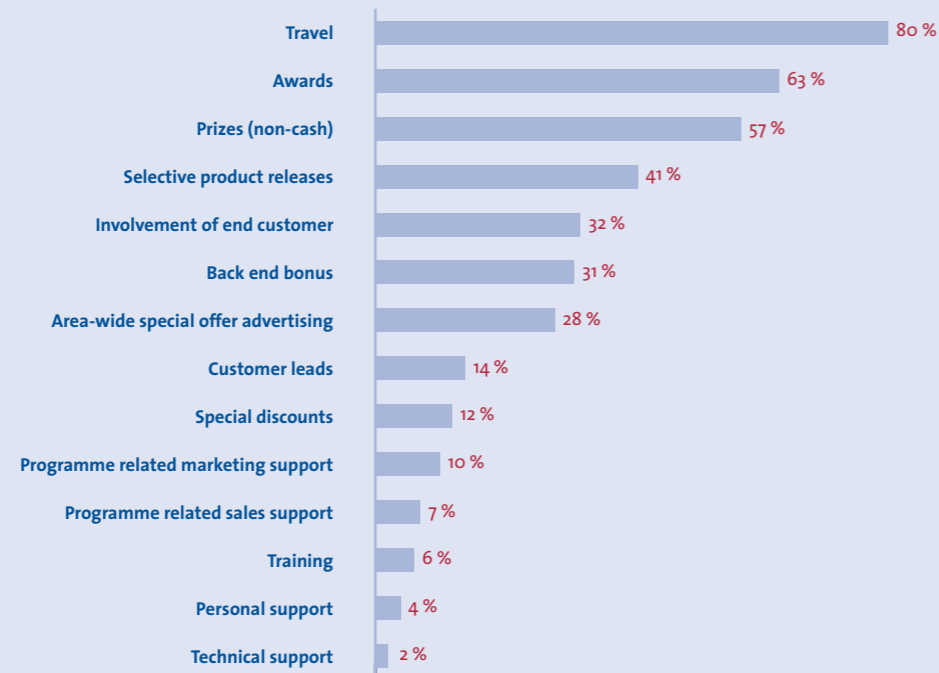


DIAGRAM 9: What services could be omitted from the partner programme?



Prospects for the future – what is needed to make partner programmes more successful?

More than 40 per cent of traders are willing to play an active role in the concept stage of a partner programme. How can manufacturers make best use of trader input to make the partner programmes more successful? The response of the study participants to this is not really surprising. What is the Internet for?

Almost 60 per cent of traders think that a relevant section on the homepage of the manufacturer would be best suited for this. In this way, each sales partner can, regardless of time, give his input on the partner programme. Here, it is particularly smaller-sized companies with less than 20 employees which prefer this form of trader involvement. One quarter of the survey participants think a trader advisory board would be suitable. A fifth of traders think that a test group could help before the partner programme is realised area-wide. ▶ [DIAGRAM 11](#)

Many programmes would work much better if they weren't so rigid and inflexible but if they could be adapted flexibly to meet the various positions and business models of the traders. "One size fits all" does not, as a rule, work for partner programmes and the full potential cannot be exploited. It is a particular concern of traders that the partner programme should be adapted to suit the trader's offer/product range.

Almost 90 per cent of study participants view this point as important/very important, for traders only active in trading more so than IT solutions (systems) firms and service providers. The second most important criteria is clearly adapting the programme to suit the various target groups – traders with mainly private customers and cash transactions require different support services from a partner programme than IT solutions (systems) firms with corporate clients and billing business. Hereby, the various sizes of the sales partners play a secondary role. ▶ [DIAGRAM 12](#)

The response of the traders with regard to the duration of a partner programme is probably quite surprising for experienced sales and marketing managers. Around one third of the traders said they would like the programmes to have an unlimited duration. Surprising is that 45 per cent thought that the duration should not exceed one year. 28 per cent even think that half a year is enough. Here there were no major differences between the individual sub-groups. ▶ [DIAGRAM 13](#)

Conclusion for practice – a framework for many ideas.

What do these findings represent for practice? Partner programmes should be orientated for the long-term but should have short to medium-term time spans. There should be brainstorming sessions, not only on how sales can be increased but, more so, on how the partner programmes can be given new emotional appeal. This is possible, for example, with a long-term programme systematic which needs to be "learnt" once and offers changing content within an established system. Here, various communication channels could also be chosen – if the mechanics remain recognisable. This also solves the other "everyday problems": too complex and insufficient sustainability in realisation. Manufacturers and traders operate with jointly developed mechanics, learnt in realisation, which can always be used in a new way – with products, subjects and sales-related focal points.

DIAGRAM 11: What should manufacturers do to establish the needs of traders better?

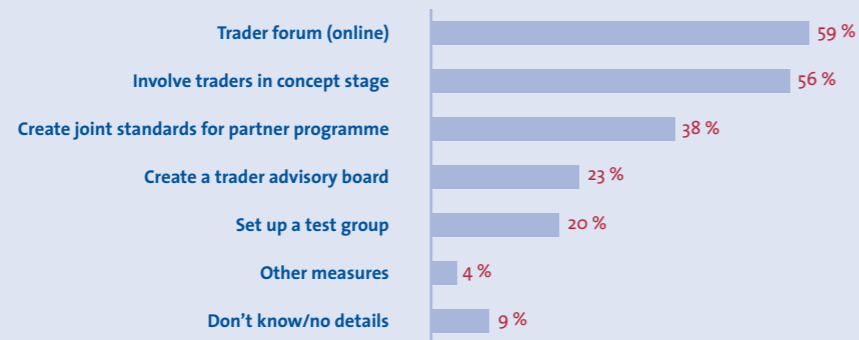
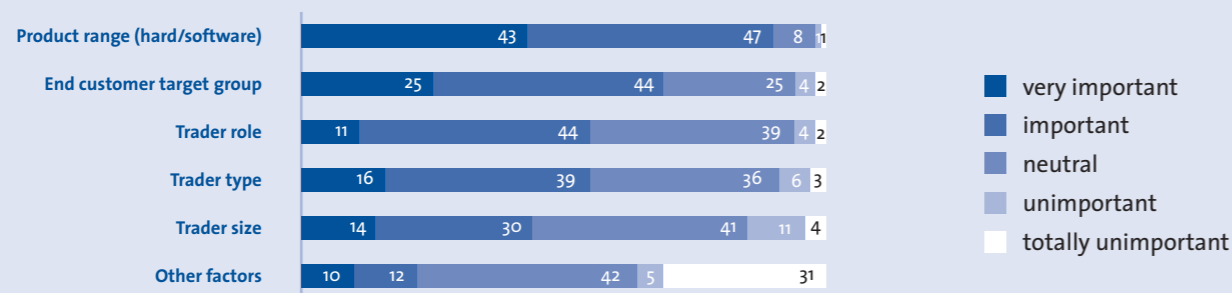
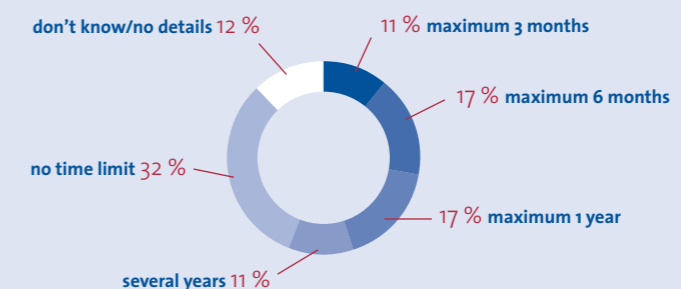


DIAGRAM 12: How important are the following factors in adapting partner programmes to individual trader needs?



All figures in per cent

DIAGRAM 13: How long should a partner programme ideally last?

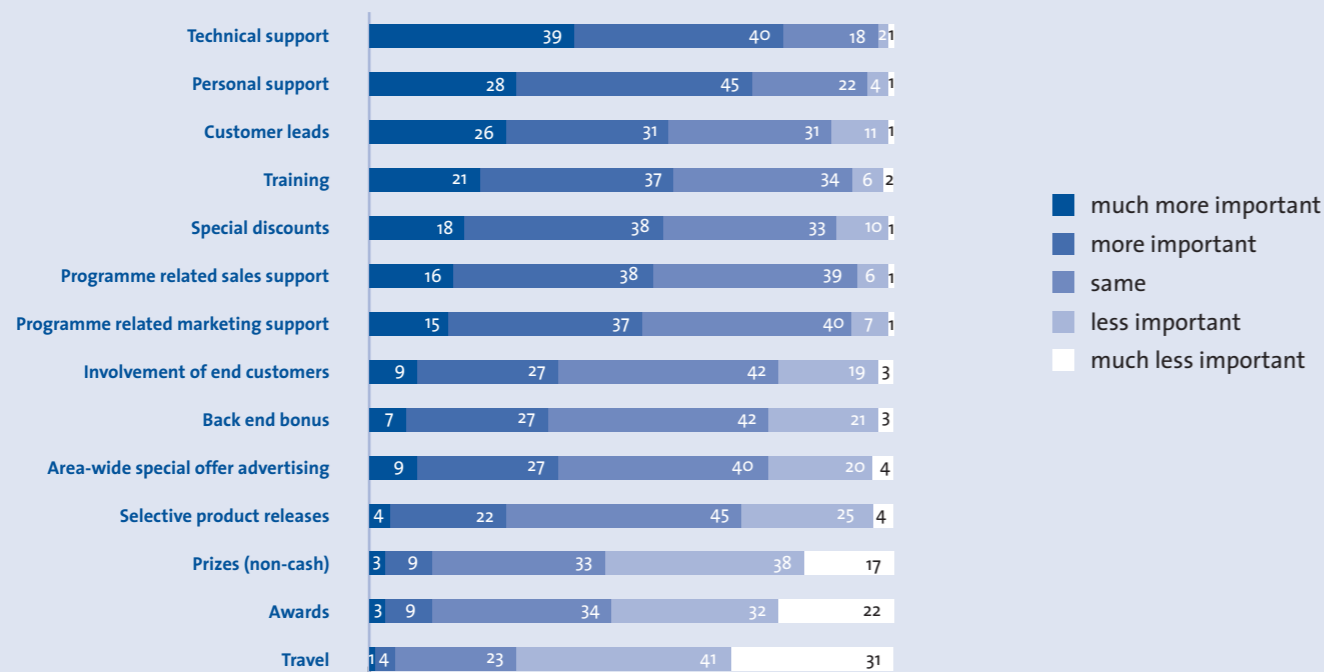


3. STUDY FINDINGS

Finally, a look at the future – how the importance of partner programme services will develop. Noticeable is that the criteria which is important for traders today will, in the future, become even more important. The order of importance, though, does not change significantly: technical support, personal advice/consultation, customer leads, training, special discounts, sales support and marketing support. Noticeable, though, is that traders think that the importance of training will increase in the future. Still unnecessary: prizes (non-cash), awards and travel. ▶ [DIAGRAM 14](#)

These findings also highlight that partner programmes are not really “rocket science” and that a few but decisive aspects determine the success or failure. Besides insufficient technical skill, many partner programmes often do not work well enough because the demands placed on them are simply too high. Those involved are not clear about what the goals are or there are simply too many. This not only makes things complicated but, more so, the programme cannot be clearly identified and, in this way, at the latest in realisation, many programmes simply get forgotten.

DIAGRAM 14: How will the significance of the following added value services develop in the future?



All figures in per cent

4. NEED FOR ACTION

Strategies, structures and systems for successful channel marketing.

The survey findings reveal a clear need for action for the future – not only for manufacturers to plan the programmes with a clear strategy and realise them in the right way. This is obligatory; optional, though, is to use the partner programme as part of integrated channel marketing. This aspect will, in the course of increasingly complex structures of sales and communication channels and the decreasing relevance of individual channels, become more important – also to keep up with the competition in partner programmes.

1) Consistent and long-term realisation of measures for trading partners.

Task: Partner programmes not only for discounts

The study showed what the partnership between manufacturers and trade really needs: personal attention and address in the IT sector, for example, technical support. “Being there” is the core of a partner programme – in particular when it comes to selling more together. Measures for trading partners should be realised as an “add on” to normal discounts.

2) Use partner programmes as an element of the sales strategy.

Task: Incorporate partner programmes into integral channel marketing

For partner programmes to unfold their benefits for manufacturers and trade, the following are necessary: 1. “Management attention” from the very start to the end and throughout – better to increase this than decrease it! 2. Define content and processes from the start, not during. How the programme will be managed is just as important as what is being realised. 3. Clear guidelines in the programme to respond flexibly to changes: the programme mechanics and content should be stable in the long-term – the special offers or products could change.

3) Trading partner activity is a tool in marketing.

Task: Link trade and end customer channels

The old task of trying to promote pure sales as well as special offers is becoming increasingly complex. This is brought about by the increase in sales and communication channels and the resulting “emancipation” of the customer (regardless of whether company or consumer). Partner programmes can strengthen other impulses or require these from other channels. Continually assessing and improving this interplay is, in times of the Internet, increasingly a basis for an edge over the competition which the service or product can no longer offer.

Control sales and communication channels integrally and make partner programmes successful: conclusion.

The study revealed that good programmes don't have to be spectacular or continually set new impulses. Ideas are important but the long-term realisation even more so. Hotlines and the like are excellent, availability and expertise when needed are decisive.

The study showed that there are several approaches for manufacturers in dealing with small and large-sized trading partners. Manufacturers can put themselves in the "good books" of traders by focusing on a few services – and, in doing so, create loyalty and achieve greater turnover. To achieve this, a new way of thinking and action is necessary, as the findings show that not all partners need the same treatment or service or expect this.

Partner programmes should consistently follow customer segmentation. All customers are equally important – and precisely because of this they need different treatment. The traders also understand this – not everything for everyone, more so, the best for each group. In this way costs and effort can also be kept in check – for manufacturers and traders, who do not need to bother themselves with programmes which are uninteresting for them or which are not correctly realised.

Complexity in programme management on the part of the manufacturer may be increasing, but this is easy to control. Innovative channel marketing, strategically controlling the diverse sales and communication channels, even reduces costs – with a focus on the offers which trade really needs and which reach him target specifically and a consistent reduction of the unnecessary elements.

In this way, partner programmes can really be the "icing on the cake", so to speak, in the manufacturer/trader relationship and make the decisive difference in the competition. Then traders are also more likely to forgive their partner, the manufacturer, for a problem – be it a late delivery or a change in the contact person. Just like in a real partnership. Everyone knows how important it is to look after your partner!



Peakom Peakom is an owner-led communications consultancy in Frankfurt am Main. The company specialises in the planning and realisation of value added creative communication solutions for businesses and products. With the systematic unison of strategy, creation and realisation, Peakom develops individual solutions in corporate branding, channel marketing and change communication. In doing so, Peakom contributes to an increase in corporate value and turnover of its clients – efficiently, independently and effectively in the long-term. Further information on:

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JDC is an owner-led business based in Neuss. The CHANEX business division offers consultancy services in: development of new sales channels, expansion of sales and marketing activities in new markets and the optimisation of existing sales processes. CHANEX offers analysis, consultancy and, above all, realisation from one source.

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