



NATIONAL ASSOCIATION OF
ELECTRICAL DISTRIBUTORS

Innovate
Your Marketing Process

Maximize your Marketing Efforts



Sue Smith
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SCHOOL of MANAGEMENT
SYRACUSE UNIVERSITY

Goals for today's session:

Inform

- NAED Research Foundation's Marketing study
- Maximize Your Marketing Efforts

Educate

- Innovation Tournament
- Process approach to business innovation

Experience

- Develop new, innovative, efficient marketing
- Use technology to collaborate delivering customer value

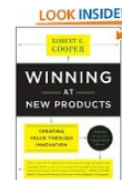


Maximize Marketing Efforts: ***Best Practices*** in the Electrical Distribution Industry

Education & Research Foundation
Channel Advantage Partnership Council
October 1, 2011 – May 2012
Co Researchers: Sue Smith & Tom Lyga
www.electricalmarketingbestpractices.com

Best Practice Approach

- Valuable lessons *sharing* what's working
- Benchmarking Marketing efforts
 - Best Practice Electrical Distributors
 - Best Practice Wholesale Distribution
 - Best & Latest from Marketing Academia
- Practical, actionable, “how to” focus of results
 - What are the best practices?
 - How do we compare? Where are the gaps?
 - So *what can* we do if we want to improve our results?



Which Distributors measurably excel at marketing and why?



Five Contemporary Marketing Themes



Benchmark the Industry

Marketing Metrics

- How are Distributors measuring marketing performance and ROI?

Social Media

- What apps and sites are delivering customer value?

Brand Strategy

- Building Brands that Matter

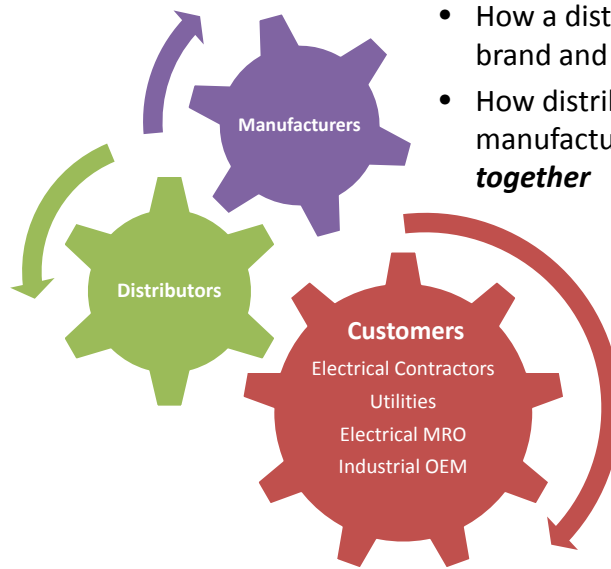
Collaborative Marketing

- Leveraging Distributor / Manufacturer's Strengths

Marketing Excellence

- Setting the Stage for High Performance

Collaborative Marketing: Reaching the Customer



- How a distributor markets its brand and value
- How distributors and manufacturers market **together**

Your Study...Your Input

Interviews

- Distributor & Manufacturer Management – Fall 2011

Test Survey

- Five Distributors Western Region – Jan. 25th, 2012

Weekly Blogs

- 12 Topics starting Nov 7th

Survey

- February 2012

White Papers, tED articles & Webinars

Marketing Metrics

- Maximizing Marketing ROI

Social Media

- 21st Century Marketing Methods

Marketing Strategy

- Building Brands that Matter

Collaborative Marketing

- Leveraging Distributor / Manufacturer's Strengths

Marketing Challenges

- Setting the Stage for Excellence

Information you can use...

Best Practice Profiles

- Sharing what works to improve overall industry performance – 5 themes

Snap shot of industry

- Developing a baseline for the industry average marketing

Distributor comparison

- Gap analysis allows individual distributor to ID areas for improvement

“How to” focus

- Distributor can implement action plans to fill the gaps, and measure results

Manufacturers

- Will be able to design their marketing to support high performing distributors.

We'd like you to participate...

Opportunities



- Test the Survey
- Post a Blog Comment
- Take the Online Survey
- Tell your fellow marketers!

www.electricalmarketingbestpractices.com

www.electricalmarketingbestpractices.com

Ready to start class?

We all like to Innovate!

CORNING



Pass & Seymour

legrand

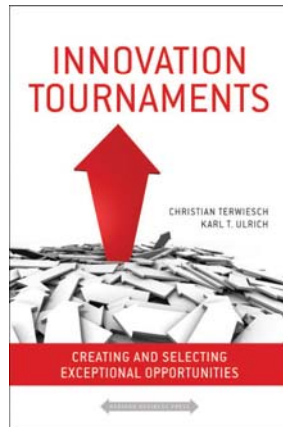


Newell Rubbermaid
Brands That Matter



Whitman
SCHOOL of MANAGEMENT
SYRACUSE UNIVERSITY

Innovation Tournaments



www.innovationtournaments.com

We all love Contests!

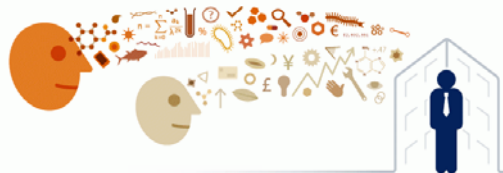


\$25,000!

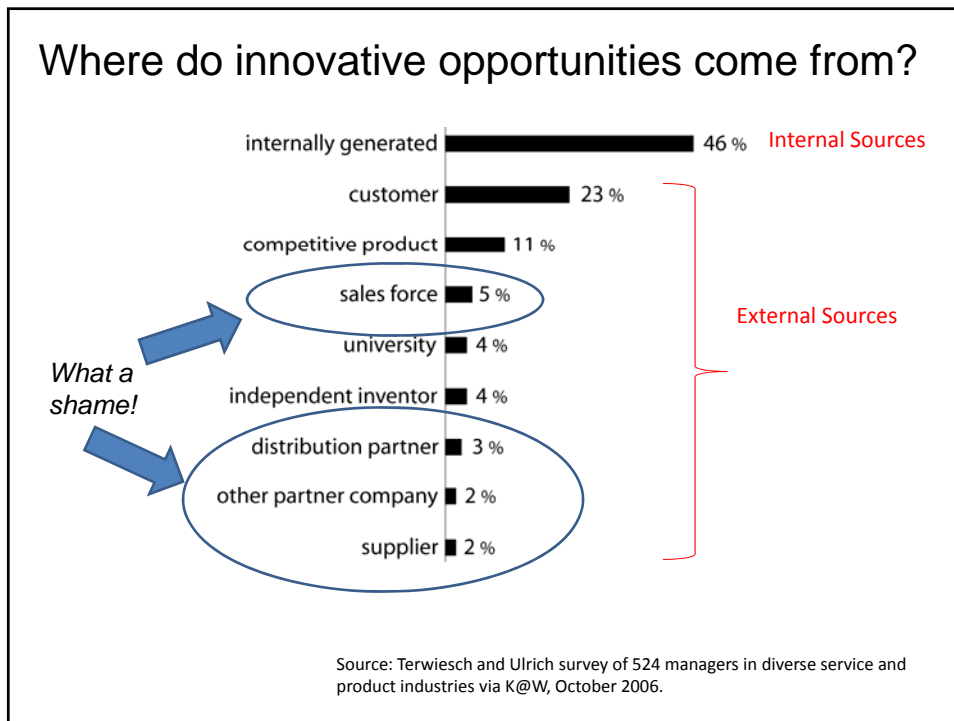
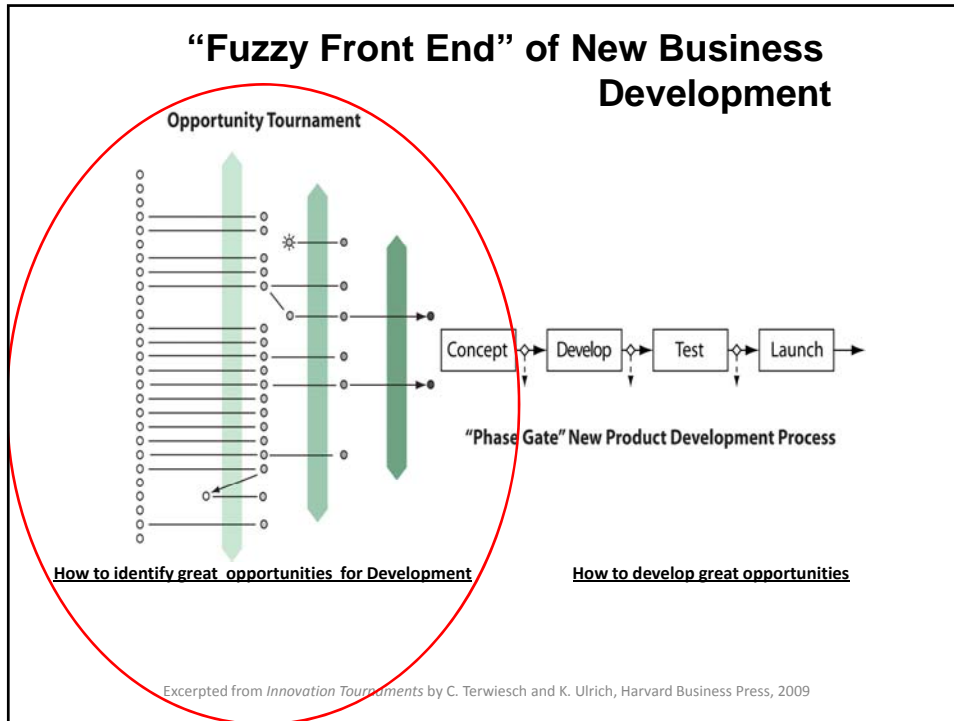


InnoCentive harnesses collective brainpower around the world to solve problems that really matter.

[Tell me more »](#)



Source: [Innovation Tournaments](#); Ulrich & Terwiesch; Harvard Press 2009



Innovation = Serendipity?

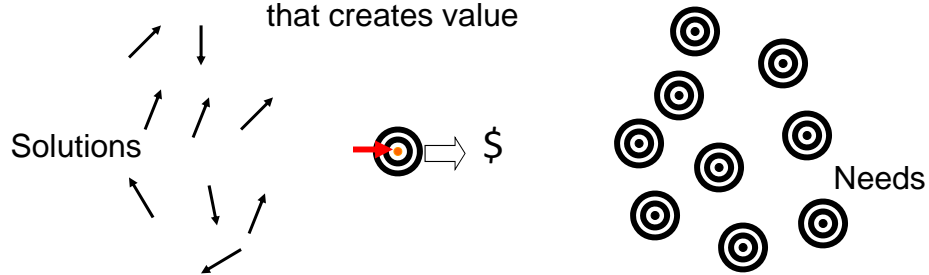
“Is the creation of new growth businesses inherently an idiosyncratic, ad hoc undertaking, or might it be possible to create a repeatable process that successfully generates wave after wave of disruptive growth? “

Clayton M Christensen and Michael E. Raynor
The Innovators Solution; Harvard Press

Process approach to Business Innovation

What is An Innovation?

INNOVATION = New & novel
match of a solution and need
that creates value



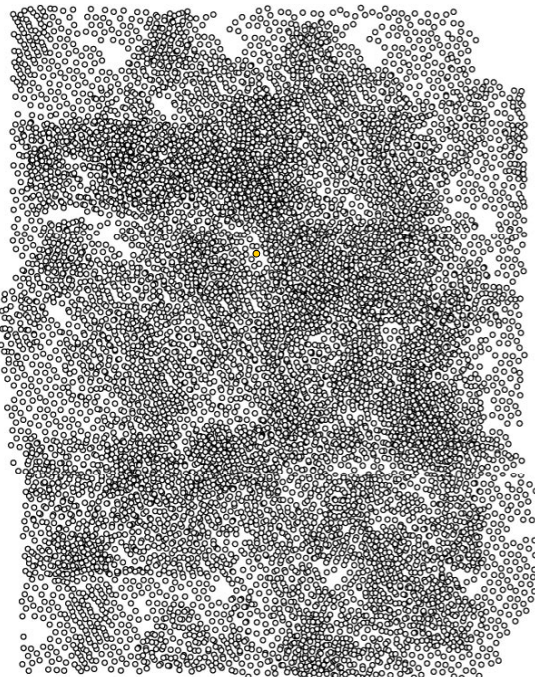
➡ Value can be thought of as financial value or social value

➡ At the outset, value generation is only a hypothesis: an opportunity is the seed of an innovation


Pictures from Wikipedia

Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich, Harvard Business Press, 2009


Novelty = Solution



10,000 newly discovered compounds



8-12 years
\$500 million - \$1 billion




ZOCOR
(SIMVASTATIN)

1 new drug

Merck screened 10,000 chemical compounds, did preclinical trials on a dozen, and human testing on a handful to develop ZOCOR

Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich, Harvard Business Press, 2009

Novelty = Matching




Discovered by Dietrich Mateschitz as a drink of Thai truck drivers

Developed by TC Pharmaceutical sold as Krating Daeng

Imported to Austria with minor taste adjustments

Now sells 3.5B cans per year




Hand motion sensor developed by Gyration, California, as a remote control for TV

Acquired by Nintendo; change in market segment from niche to mass market

Integrated in the new Nintendo Wii console system

Sold over 30M units



Apple introduced the Ipod in October 2001; existing products included the Rio PMP300 (Flash)

Used a Toshiba disk drive; copied another design of the "Personal Juke Box"

Used an externally developed music management software

Sold close to 200M units

Pictures from Wikipedia Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich, Harvard Business Press, 2009

Novelty = Need

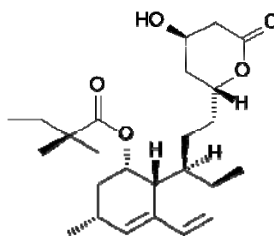


twitter

Get short, timely messages from Twitter.
Twitter is a rich source of *instantly* updated information.

Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich,
Harvard Business Press, 2009

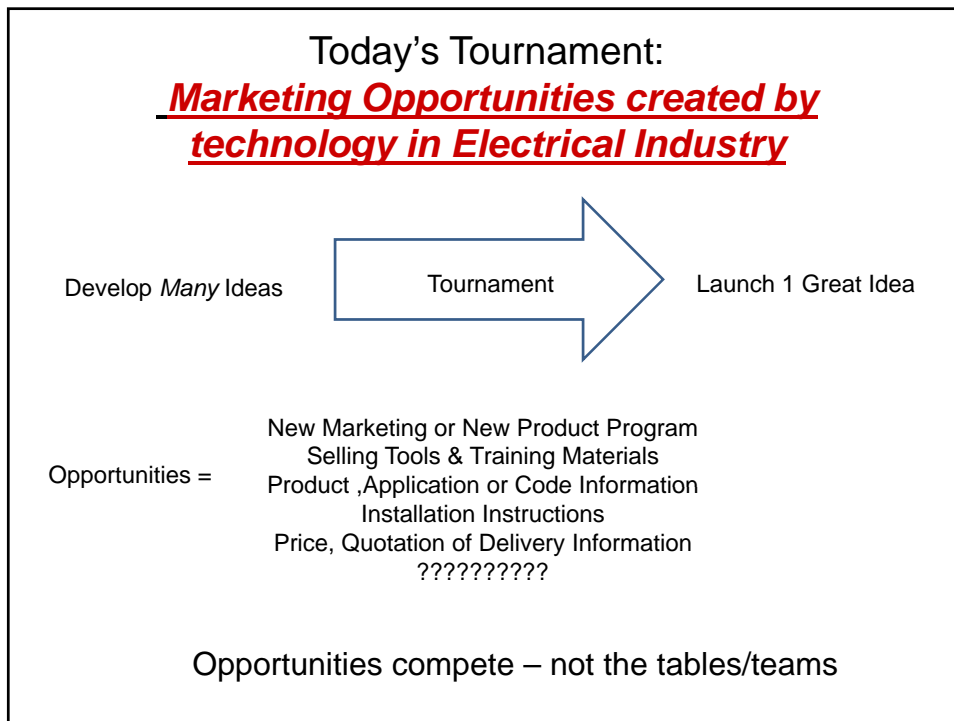
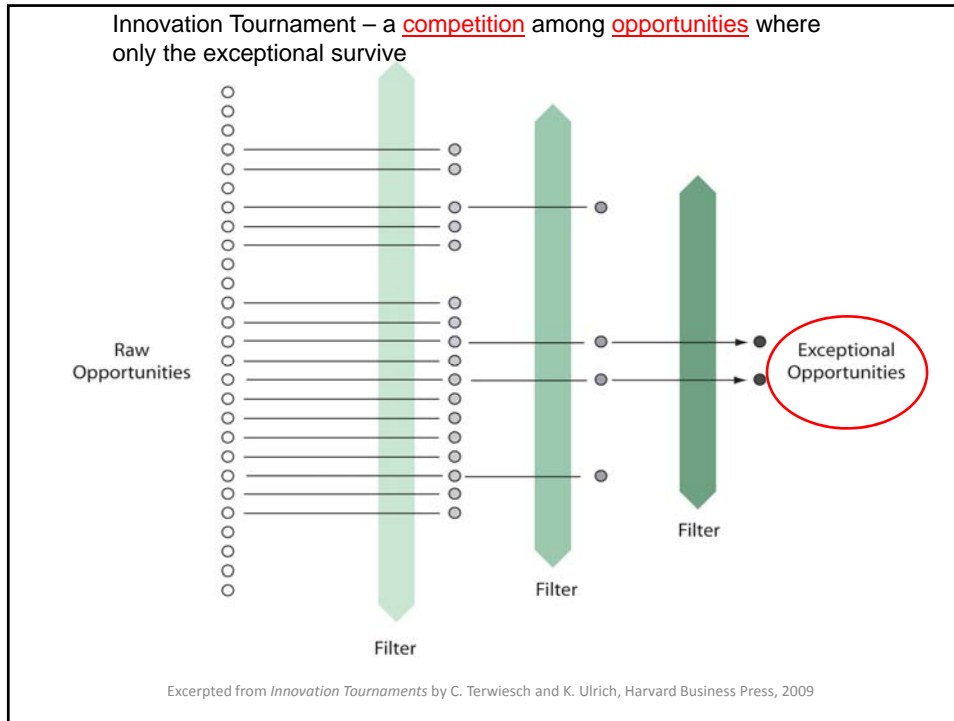
What is an Innovation Tournament?



1. A structured process, beginning with many “sensed opportunities” (hypothesis that value can be created)
2. Screened through a Sequence of filters / selection steps
3. In order to identify a few exceptional opportunities.

Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich,
Harvard Business Press, 2009

Pictures from Wikipedia



What's the essence of an Opportunity?

- Increase or create new Customer Value
 - Example – Accurate Product Information where & when its needed

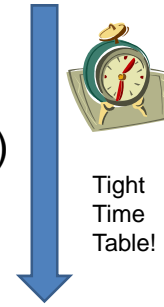
Tournament Materials

- You (your brains and collective experience!)
- Paper & pen (individual phase)
- Flip chart paper (group phase)
- Markers
- 6 sticker votes each
- Teams = Tables
 - ½ Distributors & Manufacturers
 - No direct competitors

Process

- Hear our Challenge
- Brainstorm by ourselves (3 ideas)
 - Pitch ideas to your table
- Brainstorm as a team (table)
- Select & Pitch our 2 best ideas (table)
- Pitch ideas to the full group
- Vote on the ideas (6 votes each)
 - Review our Top Ideas

Enhance

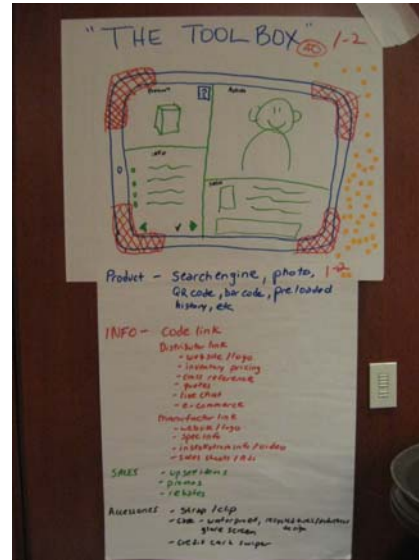


Evaluate

Deliverable: Opportunity Pitch -Single Flip Chart
2 per table

- Marketing Program/Policy Concept
- Target Customer
- Why is there a compelling need? Scope?
- “Job” it Performs (Measurable outcomes)
- How does it improve over today's practice?
- Can include sketch/diagram

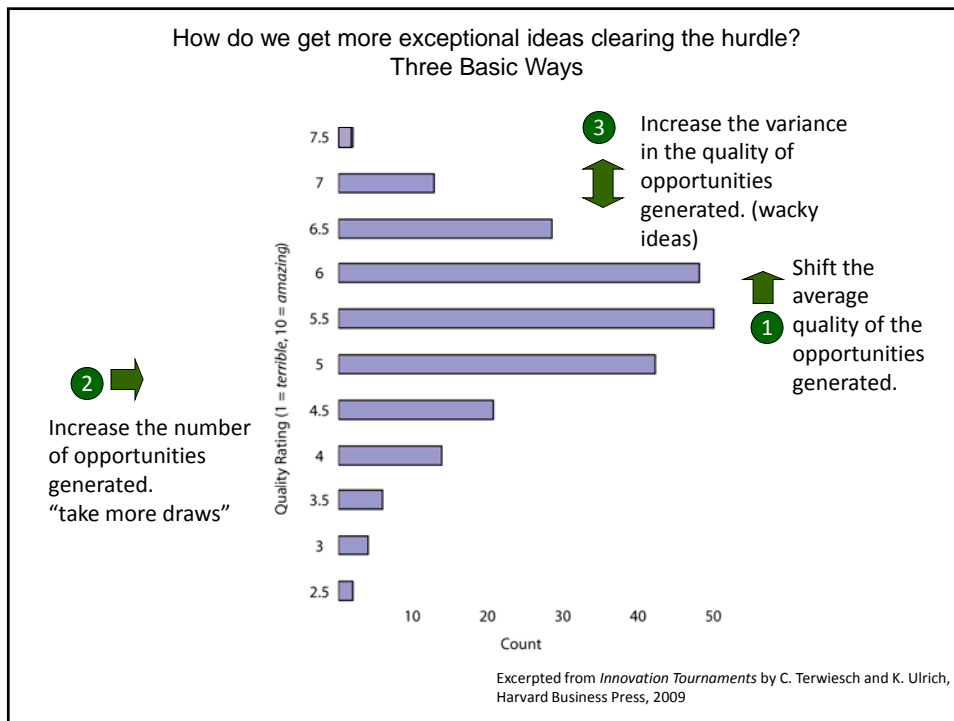
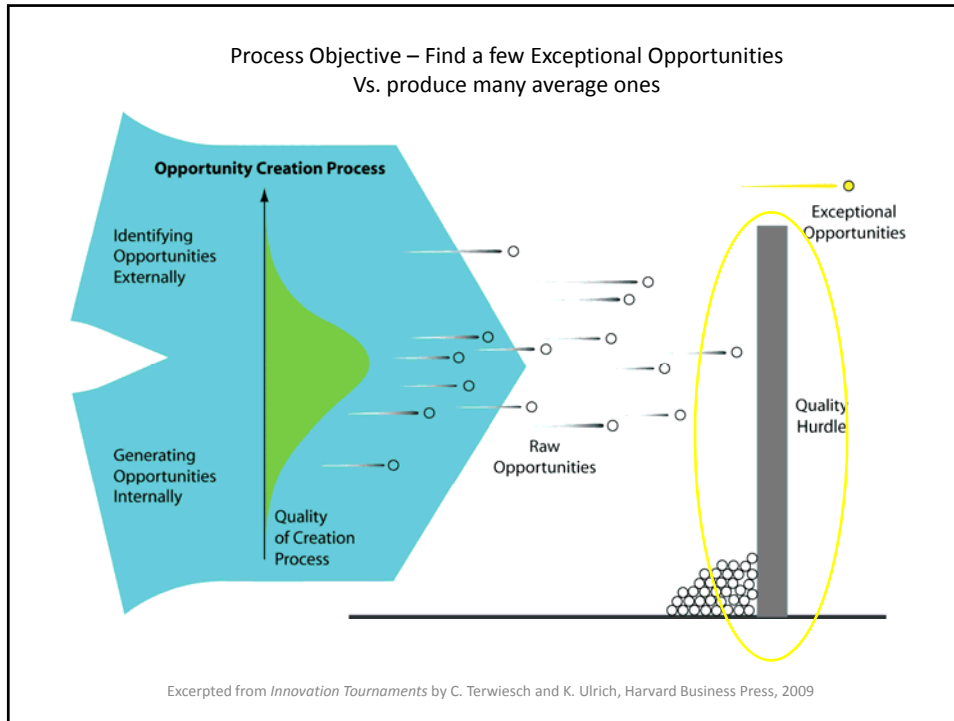
Examples of Deliverable – single page



Techniques to stimulate Opportunity Generation

- Alternative approaches to existing marketing processes
- Eliminate inefficient marketing/sales practices
- Follow a personal passions
- Annoyance-driven approach – list frustrations and blow them away
- Trends –driven e.g. social, environmental, technology trends
- Attribute Based – differentiation – add, subtract, change attributes
- Functional decomposition – dissect the business model
- New ways to deliver product info or services

Excerpted from *Innovation Tournaments* by C. Terwiesch and K. Ulrich, Harvard Business Press, 2009



How to evaluate your opportunities?

- Is it **REAL**?
- Can we **WIN**?
- What's it **WORTH**?

3M – Real, Win, Worth

		Notes
1. Is there a real market and a real product?		
Is there a need? [What is the need? How is the need presently satisfied?]	Yes	
Can the customer buy? [Size of the market, customer decision-making process]	Yes	
Will the customer buy? [Perceived risks and benefits, expectations on price and availability]	Yes	Not clear if customer would pay.
Is there a real product concept? [Line extension vs. new to the world]	Yes	
Is the product acceptable within the social, legal, and environmental norms?	Yes	
Is the concept feasible? Can it be made? Is the technology available?	Yes	
Does it satisfy the needs?	Yes	
Will our product satisfy the market? Is there a relative advantage over other products?	Yes	Can be linked with other personalized Google products.
Can it be produced at low cost?	Yes	
Are the risks perceived by the customer acceptable? What are the barriers to adoption?	Yes	
	Net	Yes
2. Can we win? Can our product or service be competitive? Can we succeed as a company?		
Do we have a competitive advantage? Is it sustainable? [Performance, patents, barriers to entry, substitution, price]	Yes	
Is the timing right?	Yes	
Does it fit our brand?	Yes	
Will we beat our competition? [How much will they improve? Price trajectories, entrants]	Maybe	AOL and Yahoo have easier access to the consumer wallet.
Do we have superior resources? [Engineering, finance, marketing, production, fit with core competencies]	Yes	
Do we have the management that can win? [Experience? Fit with culture? Commitment to this opportunity?]	Maybe	Little experience with subscription services. Advertising model better.
Do we know the market as well or better than our competitors? [Customer behavior? Channels?]	Maybe	Some insights on the consumer's willingness to pay are missing.
	Net	Probably
3. Is it worth doing? Is the return adequate and the risk acceptable?		
Will it make money? [NPV]	Yes	if tied to an advertising model.
Do we have the resources and the cash to do this?	Yes	
Are the risks acceptable to us? [What could go wrong? Technical risk vs. market risk]	Yes	
Does it fit our strategy? [Fit with our growth expectation, impact on brand, embedded options]	Yes	
	Net	Yes

Excerpted from *Innovation Tournaments*
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Business Press, 2009

Why should we put up with inefficient communication processes?

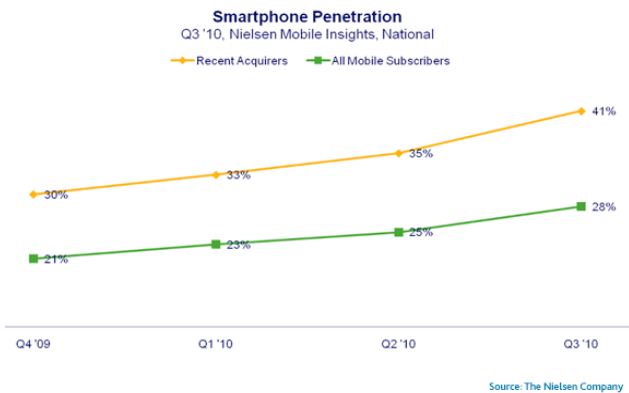
How long before we apply the latest technology to deploying product information?

What is going to join a pair of Kleins on every electrician's tool belt?



Smartphone Penetration 38% in US

Recent Acquirers are Accelerating the Trend



Smartphone users 3 times more likely access the internet (86% vs. 30%); 4 times more likely to access their email (80% vs. 21%); more likely to download applications—iPhone users 48% apps on their handsets, droid users 35% Tablets (high engagement screen) & Multimedia phones both surpassing expectations

Tournament Schedule and Timing

1:15 – 4:15

- 1:15 Intro to NAED Marketing Study
- 1:35 Intro to Innovation Tournaments
- 1:55 The Challenge
- 2:00 Individual Phase 2
Generate at least **3** new marketing program/process ideas each
Sketch/Describe on single sheet of paper
- 2: 10 Group Phase – in your teams
Share ideas from the individual phase
Refine and further elaborate
Select **top 2** Opportunities & appoint team member(s)
to pitch to larger group
- 3:00** **Deliverable:** **2 Opportunities posted on the wall**, one per sheet
signed with Team's number
- 15 minute Break

Tournament Schedule and Timing

1:15 – 4:15

- 1:15 Intro to NAED Marketing Study
- 1:45 Intro to Innovation Tournaments
- 2:15 The Challenge
- 2:20 Individual Phase 2
Generate at least **3** new marketing program/process ideas each
Sketch/Describe on single sheet of paper
- 2: 25 Group Phase – in your teams
Share ideas from the individual phase
Refine and further elaborate
Select **top 2** Opportunities & appoint team member(s)
to pitch to larger group
- 3:15** **Deliverable:** **2 Opportunities posted on the wall**, one per sheet
signed with Team's number
- Optional 10 minute Break?

Tournament Schedule and Timing 1:15 – 4:15

- 3:25 Opportunity Pitches – 2 per table
- 3:40 Sticker Voting
Participants first shop and write numbers of up to six opportunities on their stickers
All votes are then applied nearly simultaneously on the appropriate flip charts
- 3:45 Select Best Opportunities
- 3:50 Debrief
Marketing Ideas: Review top opportunities
How feasible? What is potential?
What are next steps to implement?

Process: What insights/comments do you have on the process?
Discuss issues such as role of presenter, Team/Channel diversity
Benefits of adoption? Barriers to adoption?

Tournament Schedule and Timing

- 3:15 Opportunity Pitches – 2 per table
- 3:30 Sticker Voting
Participants first shop and write numbers of up to six opportunities on their stickers
All votes are then applied nearly simultaneously on the appropriate flip charts
- 3:40 Break 5 minutes
- 3:45 Debrief
Marketing Ideas: Review top opportunities
How feasible? What is potential?
What are next steps to implement?

Process: What insights/comments do you have on the process?
Discuss issues such as role of presenter, Team/Channel diversity
Benefits of adoption? Barriers to adoption?

Thank you!

Please take the Survey in February!

www.electricalmarketingbestpractices.com

Post a blog comment!

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