

# Why Relationship Marketing Delivers Higher Profits for Software and On-demand Solutions Companies

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## ***“One and Done” Marketing: Deadly but Still Kicking***

Many companies that sell license or on-demand software struggle toward profitability because they use a wasteful, inefficient, out-of-date marketing model: bombard the target market with product information, generate leads and pursue the customers who are ready to buy.

I call this “one and done” marketing because it usually involves just one contact with the prospective buyer and then they attempt to qualify and sell the lead. If the person isn’t interested in buying, the sales rep moves on to the next one and marketing never follows up again.

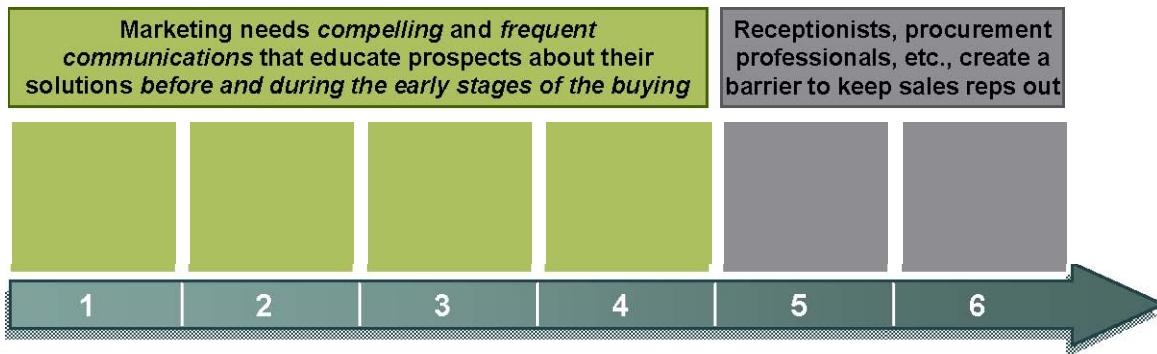
This routine requires generating a large quantity of leads, most of which get permanently discarded. Marketing Sherpa’s recent research shows, however, that in business-to-business marketing, while as many as 95-97% of prospects aren’t ready to buy upon first contact, well over half of those will likely be ready to buy within two years.

Moreover, most of the marketing programs and campaigns in our industry promote the product and its features. Customers don’t really care what your software does if your message doesn’t connect with the problems it’s their job to solve. Too often, product-centric marketing is simply hurled at the target audience like spaghetti at the wall in the futile hope that it will stick.

Failing to nurture the not-yet-ready leads produces a staggering level of inefficiency. It also instigates frustration among those who are in the early stages of seeking solutions for problems they have identified, because both marketing and sales are ignoring their needs. Within this model, marketing and sales inevitably yield poor results, regardless of how much money the company spends.

## ***Principles of Relationship Marketing***

These days, customers are firmly in control of the buying process, educating themselves on solutions for the problems they have identified and keeping sales people at bay until very late in the buying process. You can best insert your company into their decision-making process by providing valuable customer-focused information over time and conceptualizing marketing as a two-way conversation rather than one-way bombardment.



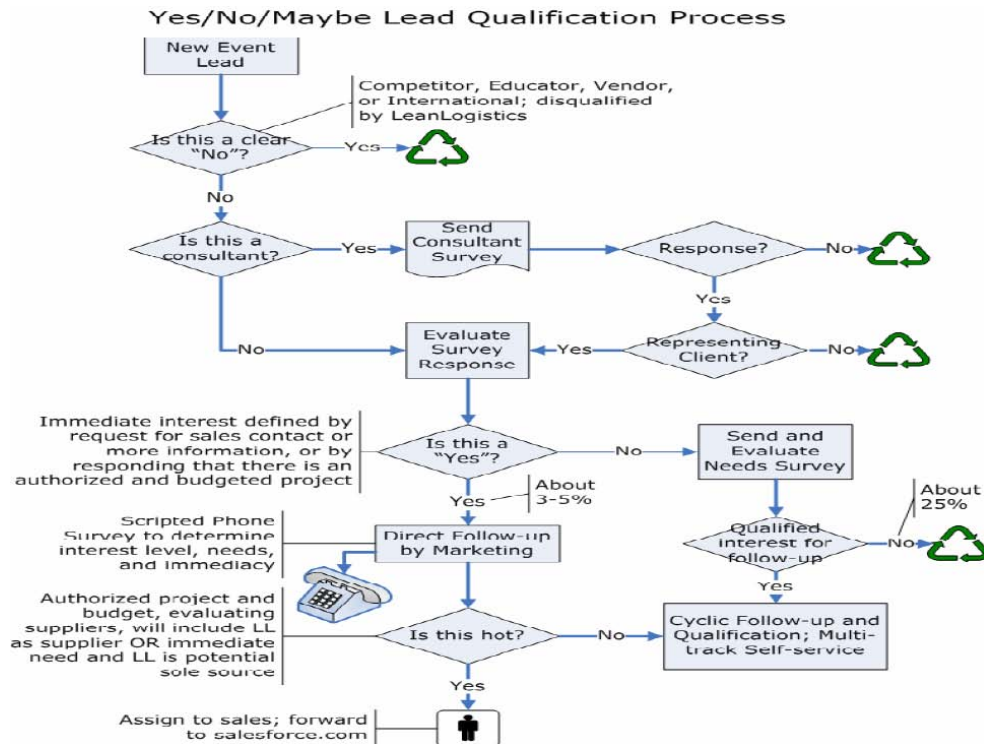
With the Relationship Marketing model, repeated permission-based communications with the target market in multiple media help establish your company's thought leadership in the industry as well as cultivating the interest of those who are not initially ready to buy. You can also accommodate customers' insistence on being in control of their decision-making by making their evaluation and buying process as easy and self-serve as possible. If you have made a meaningful connection, you can be sure they will engage when they are ready.

### ***Measurable, Scalable, Repeatable Relationship Marketing***

Don't let the word "relationship" fool you into thinking that there's anything mushy in the Relationship Marketing model. In fact, every step in the process is highly measurable, including the end result of greater numbers of qualified opportunities and an improved return on investment.

**Step 1: Capture leads from multiple sources.** Your multi-channel marketing campaign might include direct mail, pay-per-click ads, trade shows, webinars and white papers. All leads flow to one marketing database.

**Step 2: Create an automated scoring process.** All leads entering the database get screened and rated, then routed either to sales for immediate follow up or to marketing for long-term nurturing. Effective lead scoring requires sales and marketing to agree on a profile of the ideal client and what counts as a sales-ready lead as well as on how best to route the yes/maybe/no leads. Relevant criteria for lead scoring include job title, type of company, budget, authority and need timetable.



**Step 3: Nurture leads that are not yet ready to buy.** Any lead that is scored as not yet ready to buy automatically gets entered into a thought leadership campaign. This might consist of articles, white papers, webinars, case studies and so on, delivered at intervals via email and mail.

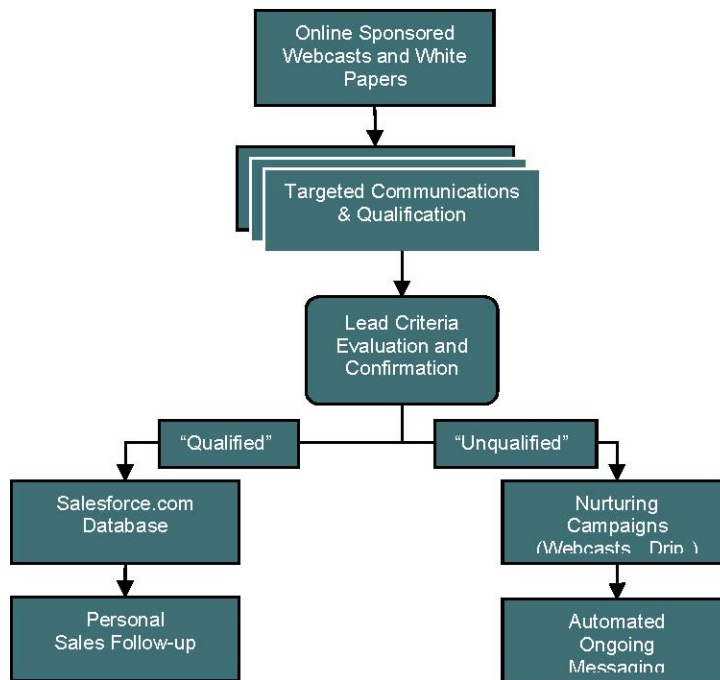
**Step 4: Create a closed loop for marketing and sales.** No leads get lost, because whenever sales determines certain prospects are not sales-ready, those leads go back into the lead nurturing process. Built into the loop is a system for measuring the progress of leads, the return on various campaigns or on leads according to their source, as well as the overall effectiveness of the demand creation mix.

### ***Relationship Marketing in Action***

Let's look at how the Relationship Marketing model played out for Lean Logistics, a solutions provider for the transportation industry. They wanted to position themselves as an expert for their target audiences, along with minimizing the manual effort involved in sorting and confirming the status of leads and passing them along to the correct sales professional.

They created theme-based landing pages on their web site that enabled them to send relevant content to interested respondents. Integrating Vtrenz marketing automation with Salesforce.com, they routed leads based on pre-defined business rules. Via webcasts, ongoing messaging and a quarterly newsletter, they delivered drip campaigns that distinguished their company as a transportation logistics expert. In the process, they developed a very involved community of over 15,000 logistics professionals.

### Lean Logistics Thought Leadership Campaigns



Lean Logistics has completely eliminated cold calling. Their pipeline now shows real-time indicators of every prospect’s qualification status, and results include a 300% boost in qualified prospects without any increase in marketing spend. The company’s “trusted advisor” profile in the industry has grown, and their webinars, mounted without a sponsor, have attracted more than 850 attendees.

### **Results of Relationship Marketing**

The Relationship Marketing model is cost-effective because it no longer wastes, alienates or loses leads and because it delivers influential content to interested parties until they become ready to buy. Implementing the model is normally fast, with a substantial “quick win” within the first 90 days.

Because it systematically and unrelentingly grows the company’s reputation, Relationship Marketing not only generates increased revenue, it also creates profitable new opportunities to be exploited.

### **About the Rock Annand Group**

The Rock Annand Group has applied today’s best practices in sales and marketing automation to performance-based sales and marketing campaigns for numerous software technology companies that include Axentis, ChainLink Research, Curl Corporation, EdgeTrade, IMI Americas, Lean Logistics, NEC Retail Solutions, Optum, Scivantage, Tibersoft and XIOtech.

With over 30 years of supply chain and customer relationship management experience, the firm’s founder, Henry Bruce, possesses strong skills in developing messaging and

positioning of a company's vision and product strategy that differentiates the company in the marketplace. He leverages his strategic, consultative selling skills to create and deliver clear and compelling competitive initiatives.

### ***About Henry Bruce***

Mr. Bruce has worked in every facet of supply chain and enterprise application software, from marketing and sales to product management and consulting. Recognized as a supply chain industry expert, he has been a sought-after speaker at industry conferences and trade shows, presenting on a range of technology and software topics. Due to his deep knowledge of fulfillment trends and issues, Henry Bruce has been a regular commentator in general business and trade journals throughout the industry.

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