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Improving Marketing and Sales Support Processes in the  
Distribution Channel of an IT Security Company

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<p>Software distribution is often done through the channel of partners – distributors and the resellers. The vendor provides its marketing and sales support to the distribution channel in order to grow business in the respective regions. Understanding how this support can be improved and identifying the ways to motivate the partners is the key to business development through the distribution channels. Therefore, the aim of the study is to find out what needs to be improved in the marketing and sales support processes.</p> <p>An action research process for the case of the IT security company was implemented to find out how marketing and sales support processes can be improved. Data was collected by three methods: a questionnaire, discussion café and interviews to the key informants: distribution channel partners. The idea was to obtain general feedback about the support processes as well as more detailed information on what is to be improved in the materials provided by the case company.</p> <p>The study resulted in three major findings: first, identifying the company needs as for investments into the relationship building with the partners in the focus regions; second, identifying how marketing processes need to be re-designed so that the influence of the marketing actions on all channel participants would be considered; third, specifying the marketing materials which need to be improved based on the recommendations of the partners and, finally, developing a new process for collecting continuous feedback to be introduced to the case company. The study suggests that the feedback from the channel partners needs to be obtained on an ongoing basis in order to ensure the excellence of marketing and sales support processes.</p>	
Key words	Marketing, sales, distribution channel, partner relationship

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Abstract

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## **1 Introduction**

This study examines how marketing and sales support processes can be developed in distribution channels in the Information Technology (IT) industry. With the high competition in the IT products and services market along with limited variety in sales channels, it is important to continuously re-assess and developed marketing activities and relationships between the suppliers and distributors.

### **1.1 Business Challenge**

Currently, IT services can be distributed over the internet, thus eliminating physical shipments and or logistics of goods of any kind. Consequently, IT business has become one of the most globalized industries in the world, with the competition between the players being extremely severe. As a result, companies try to differentiate their business offering by continuous development of the products and products' features as well as by attempts to differentiate the ways in which these products and services are marketed to the selected target group. Diversifying and creatively using the distribution channels is one of the ways to tackle this challenge.

One of the standard channels to distribute software products and services is through a network of partners - distributors and the resellers. In order to grow existing channel business and recruit more partners, companies need to be able to offer excellent competitive products, marketing support and build strong relationship with each partner. Once good products and strong relationships are in place, manufacturer seeks to keep the partners motivated by implementing different marketing and incentives programmes in order to help the channel to market the products to the end users.

Such marketing programmes may include motivation and incentives actions as well as a variety of marketing campaigns and plans aiming to promote company products and services to the end users. While implementing them, it is crucially important to understand what motivates the channel partners, what kind of support is expected from the vendor and how the relationship between the vendor and distribution channel can be

developed. Understanding these topics will help the supplier to develop an improved marketing plan which will help grow existing business through the partner network.

As mentioned above, due to the limited amount of sales channels and quite similar product and service offering of the vendors, the competition is becoming more and more challenging. Therefore, it is important to determine what actions, despite excellent product quality and price regulation, can help to motivate business partners to prefer case company products over the competitors'. It is also crucial to understand what their processes in delivering products and services to the end users are and how can vendor help to make it easier for the partners to deliver the products to the end user.

## 1.2 Research Objective

The objective of this study is to investigate on the processes of marketing and sales support in the existing distribution channel of the case company, analyze it and find ways to improve the processes. Feedback should provide general information on what motivates the partners in their cooperation with the case company as well as more specific data on what is to be improved in the way partners are supported, how can marketing and sales materials be improved to help them generate more sales. The study is based on the action research which starts with the diagnosis of the existing situation in the case company.

In this study, the case company is offering its security solutions for the corporate customers through the distribution channel of partners, which includes distributors and resellers. The company as well as the channel structure is presented in a greater detail in the following sections of the report.

Since the competition in corporate security business is becoming tougher, as mentioned earlier, differentiating in some way would help the case company to gain competitive advantage. One of the ways to differentiate itself is to identify the improvement areas in the distribution channel. Building close relationship with the channel partners, understanding better what support they require to promote vendor's products and services in the specific market and providing this support is a good way to expand

the business by having more deals from the committed and motivated partners and more loyal end users who are satisfied with the product and the support and will therefore retain.

The study, therefore, aims to collect the data about the general channel marketing process in the case company as well as by gathering feedback about the marketing deliverables developed by the HQ and regional marketing manager to support the channel sales. The general process means that research also seeks to evaluate all interactions between the case company and the distributor channel partners and, more specifically, measure the importance of the relationship between the parties. One of these measures is the ongoing marketing program. A marketing programme covers the partner network motivation and incentives actions as well as marketing campaigns and plans aiming to promote company products and services to the end users.

For this study, it is crucially important to understand what motivates the channel partners, what kind of support is expected from the case company and how the relationship between the vendor and distribution channel can be developed. Understanding these topics will help vendor to develop a marketing plan which will help to grow existing business through the partner network. Thus, research aims to obtain and evaluate feedback from the distribution channel partners and use this knowledge for the marketing process development.

More specifically, it is important to understand if distribution partners are satisfied with the marketing and sales support materials, which of the materials are the most important to have and develop, what existing process is lacking and how it can be improved.

Process improvement is a very broad topic; therefore during the research four specific areas are identified: a) new reseller recruitment, b) new sales growth, c) ease of doing business with the case company and d) shifting to the service model of business. Thus, the research is aiming to improve marketing and sales support processes in application to these four topics. These four topics were chosen due to the fact that these are the most important areas which need to be continuously evaluated and improved. These

four areas are the ones which ensure business growth and profitability on the one hand and reflect company's corporate business strategy on the other.

Thus, the research question can be formulated as follows:

How can marketing and sales support processes of the case company be improved for regional sales?

The answer to the research question will help to define the action points for each of the four strategic objectives of the company, namely: new sales growth, new reseller recruitment, simple partnership model (ease of doing business) and shifting to the service model of product offering.

After the process improvements are implemented, the following measures can be used to evaluate the impact of the research on business and to move to the next diagnosis stage of a new research: new sales growth in each of the regions, comparing to the last year results of the corresponding quarter; number of new resellers recruited in each of the regions and number of the new sales generated by the new resellers; satisfaction with the marketing and sales materials and tool (measure by questionnaire, for example) and number of subscription sales (in comparison to the license sales), number of the service partners and percentage growth of the services comparing to the corresponding period of the last year. The collected data will provide an input for each category, recommendations will be formulated and reflected on internally in the company, improvement and development actions will be initiated, new processes will be measured using the metrics suggested above and new action research will need to be initiated.

### 1.3 Research Design and Structure of the Study

During the study both theoretical and empirical research will be conducted. The literature and academic papers will provide the data about the best practices of channel management and marketing strategies within the channels. Empirical research will obtain data from the existing distributor partners from different regions on what moti-



vates them to sell company products and services and what joint actions and marketing plans would support business growth. Research design is presented in the Figure 1 below.



*Figure 1. Research design applied in this study.*

Figure 1 presents what activities will be initiated in order to answer the research question and deliver the recommendations for the case company based on the research results.

Regarding the structure of this study, the study consists of seven sections. Section 1 presents Introduction to the study where the research is also explained. Section 2 introduces the current stage analysis and the problem management processes in order to understand the case company IT services and systems as well as existing processes. Section 3 explains methods which were used to conduct the research. Section 4 contains of the theoretical background and presents the best practices of marketing and sales processes in the distribution channel. Section 5 presents the results and analysis of the research. In two final parts, Sections 6 and 7, of the study presents the recom-

mendations for the case company based on the findings of the research and conclusions are drawn in the final section.

#### 1.4 Research Approach and Scoping

Research objective presented the idea that in order to develop sales and marketing support processes and formulate an action plan for each of the four strategic objectives of the company corporate business unit feedback from the distribution channel needs to be obtained. Process development requires extensive input from the partners such as general feedback on the satisfaction or dissatisfaction with the existing processes as well as feedback on more concrete deliverables such as marketing and sales materials, available tools and such. Therefore, the qualitative approach to the data collection was selected. Qualitative strategy allows obtaining feedback on all the topics which are relevant to the respondents in the boundaries of the research, but were not recognized by the company as an issue. Thus, qualitative data collection method will provide extensive feedback which will be carefully analyzed and formulated into actions which need to be taken to improve marketing and sales support processes.

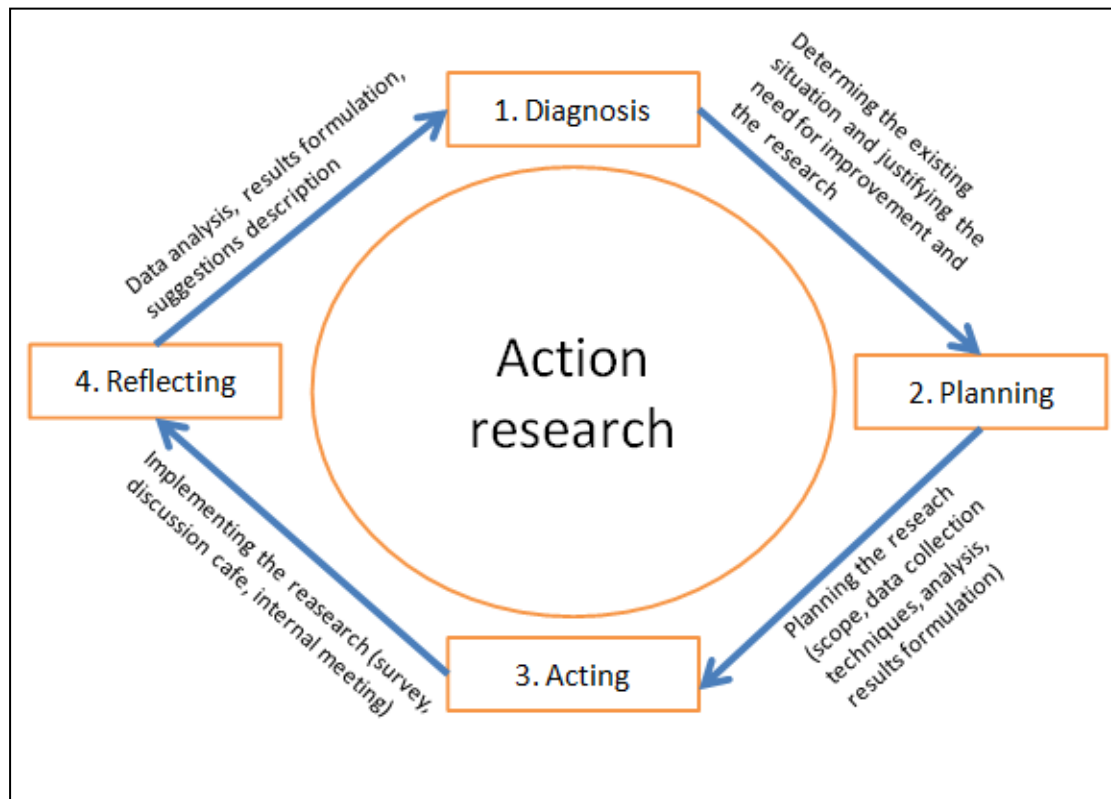
This research is based on the action research approach, which means that the findings will be immediately evaluated, implemented, followed-up on and developed further.

Action research is a process of problem solving, led by someone who wants to improve the way specific issues are addressed and problems solved. Action research involves the process of active implication of the research findings to the organization, process or problem. Usually, individual conducting the research is aiming to improve the processes which one is personally involved in and can influence on.

The report is based on the research study which was conducted by the case company marketing responsible person at the department which the research was done for. The researcher was conducting the study in order to develop processes of own work and improve the team results as an outcome of this study. Coghlan & Brannick described action research as deliberate cyclical process of planning, taking action and evaluating. Action research requires researcher's active participation at different stages of the research, such as diagnosing, planning, acting and evaluating. Thus, the researcher is

having a dual role by being a member of the organization and research. (Coghlan & Brannick. 2005:15)

Action research consists of the following phases: diagnosis, planning, acting and reflecting. Research structure is presented in the Figure 2.



*Figure 2. Action research.*

As shown in Figure 2, action research consists of four stages – diagnosis, planning, acting and reflecting and is a process which does not have a start and an end point. After the research is conducted and improvement actions are taken, new diagnosis stage needs to be initiated in order to facilitate ongoing improvement process. Each of the research stages is presented below.

Before implementing action research, it is important to reflect on the existing situation and diagnose what can be changed or improved, why the improvement is needed and what data needs to be collected in order to implement this change. Thus, the first

phase of the action research is *diagnosis*. The aim of the diagnosis phase is to look at the existing situation and identify key issues and justify the research need.

In the current research at the diagnosis stage it was identified that in order to be competitive, company needs to differentiate in some way. It was evaluated what processes can be developed and improved in order to stand out from the competition and have distribution channel commitment to grow business with the case company product and service offering. It was identified that in the distribution channel business, marketing and sales support processes are of a great importance. The processes include all actions and deliverables provided by the company to the channel in order for them to increase new sales and grow business and recruit new partners in the region. Therefore, to develop the processes and become more competitive required obtaining the feedback from the channel and identifying what needs to be developed and how as well as what keeps partners motivated.

After the diagnosis stage, the *planning* stage takes place in action research. During the planning stage, it is defined what data needs to be collected to solve the issues identified at the diagnosis stage and how this data can be collected from the distribution channel. So in this study, in order to obtain extensive feedback, qualitative data collection approach is selected, however, in order to identify the most critical development areas, questionnaire will be used before moving to the qualitative data collection stage. Planning stage also includes revising the existing studies on the subject and summarizing the recommendations of the theoretical background on how research should be conducted.

After careful planning, the implementation phase (*acting*) of the action research starts. During this stage respondents are asked to fill in the questionnaire and participate in the discussion café and interview sessions to provide their feedback on the existing processes. The research was planned during November – December 2011 timeframe and implemented at the end of January at the partner conference which was attended by regional sales distributors and some resellers. The collected data was then processed and analyzed during February 2012, after which the findings are presented to the management of the case company at the internal management meeting. The feedback was presented to the head quarters of the company along with the concrete

suggestions of process improvement which can be used in the marketing strategy formulation of the business unit.

The research result presentation is the beginning of the *reflecting* stage of the action research. During the internal management meeting the results were presented and discussed. Management was presented the research findings from both questionnaire and the discussion café sessions. The recommendations were suggested and finalized together with the management during the meeting. The immediate action points were assigned to the responsible persons or teams and general feedback is noted for the future strategy formulation and process improvement formulation. Reflection stage results in the set of actions which need to be initiated in order to improve. After the improvements were implemented, the diagnosis stage is initiated again.

This research was conducted for the corporate business unit and more specifically for the regional sales department, which is responsible for corporate product and service sales in all of the countries where the company does not have an office. The research results can be generalized to the company level, so that other country offices can use the findings for process development.

### 1.5 Research Techniques

In order to answer the research question both theoretical and empirical research need to be conducted. In the applied action research approach both questionnaire and qualitative data was collected from the distribution channel.

In order to implement the empirical research questionnaire, discussion café and interview techniques were used. Discussion café with the partners provides valuable input to the research because it helps to explain qualitative data obtained by the questionnaires and gives an opportunity to the partner to address also those topics which are important to them. Additionally, discussion café provides valuable information about their motivation and emotional bond with the case company which has a great deal of influence on business and is difficult to identify by submitting data in written. The details of data collection will be found in section 3.

## 2 Current State Analysis

This section of the Thesis report provides prerequisite information which helps to understand the need for the research in the case company and how research outcome will be used in the process development. First, the industry and standard distribution channels are presented. Second, case company business is described. Third, existing processes of corporate business unit are presented and hypothesis of what can be improved is suggested.

### 2.1 Industry Background and Channel Structure

Information technology is a rapidly growing industry. IT companies are developing and delivering products and services which know no boundaries and can be distributed without the involvement of physical logistics. Products are most often distributed as licenses, which means a customer can install specific software by downloading it from the internet. As far as ten years ago, software developers were actively adopting software distribution over the Web, known as Web-based application service provider (ASP), which allowed end user purchase the service directly from the developer, eliminating an intermediary which managed software purchases for them before. (McCarthy 2002:51)

Depending on the company business and type of customers they are serving there can be several channels through which end users can obtain the software and the service. The number and variety of these channels, however, is still limited and companies from the same industry are most probably using similar channels and therefore compete with each other in all of them. Some companies have a strong advantage in this competition which is globally well known brand. Thus, in order for the companies without global brand awareness to compete other ways of differentiation need to be identified.

Regarding a specific channel, there are many factors which can influence on one's competitive advantage in that channel. For example, availability of marketing budgets is crucially important in the direct sales, when company is targeting its end user directly and needs to invest in brand building, advertisement, public relations and on-line

presence, all of which are generally quite costly. On the other hand, when targeting corporate customers through the distributor and reseller channel, building strong partner relationship and motivating the channel by interesting marketing programs is crucial.

Such limited number of the distribution channels and high competition in each of them is one of the reasons for a channel analysis and consideration of what can be done differently and how in order to gain competitive advantage. Understanding distribution partners needs and determining what motivates them is the key for the smaller players.

This Thesis research aims to analyze one of the channels and more specifically by looking into how marketing and sales support processes of the case company can be improved and identifying what from their partners point of view differentiate the company from its rivals and how can this differentiation factor can be used to its full potential.

## 2.2 Case Company Background

In order to identify how marketing and sales support can be developed in the software distribution business an example of case company will be used. The case company is a Finnish company, providing its data protection and back up services all over the world for over 20 years. The company was established in 1988 and now has 20 offices globally with over 900 employees. Case company is listed on the NASDAQ OMX Helsinki Ltd. since 1999. Company vision is to protect its customers valuable digital content across devices and access – now and in the future – as the customers' needs and technologies evolve. By protecting and preventing the loss of valuable content, case company aims to let their customers concentrate on their own business.

The case company has been among the leading antivirus providers for many years. Depending on the market, case company provides product licenses and services either directly to the end users or through the distribution channels. Different business units are target different customer segments through different channels. The case company current strategy however is focusing on delivering business to the individual end user

through partnerships with operators. In short, it means providing the security and back up service through the internet providers. Next section explains in greater details what business units there are and which one the research is conducted.

#### *Case Company Business Description.*

Some software developers are designing their products and service for a specific customer segments, such as individual user, home users, small and medium sized business and so on. At case company however, there are different products for different segments – individual users and business users or corporate customers. To reach these segments, business is divided in three business units. The division is based on the customer segment and sales channels, which are used to distribute the software.

The first business unit is known as operator partnership sales. Security and back up services are offered to the end users through internet providers. That means that service is distributed through the operators who are offering internet broadband subscriptions to the end user. Case company has been using partnership with operators for over 10 years and this has been a successful cooperation with benefits to both sides. Case company is reaching millions of end users and operators are benefiting from extending their proposition to the additional services offering, increasing by that average rate per user (ARPU) and reducing churn. This business model is a core of company's current strategy and is expected to grow. At the moment, the case company is partnering with more than 200 operators worldwide, including the biggest and most well known ones.

The second business unit focuses on direct consumer sales. It means that licenses are distributed through retailers who are dealing with the end users directly. Direct consumer sales are done either through the eStores or through physical retail store channels. Most of the business in direct consumer business unit is generated from the Nordics, where case company is well known as a brand.

The third business unit concentrates on corporate business, which means that the products, services and solutions are targeted to the business customers. Product portfolio includes various solutions some of which suit best the small and medium sized businesses and other large corporations with high amounts of workstations, mailboxes

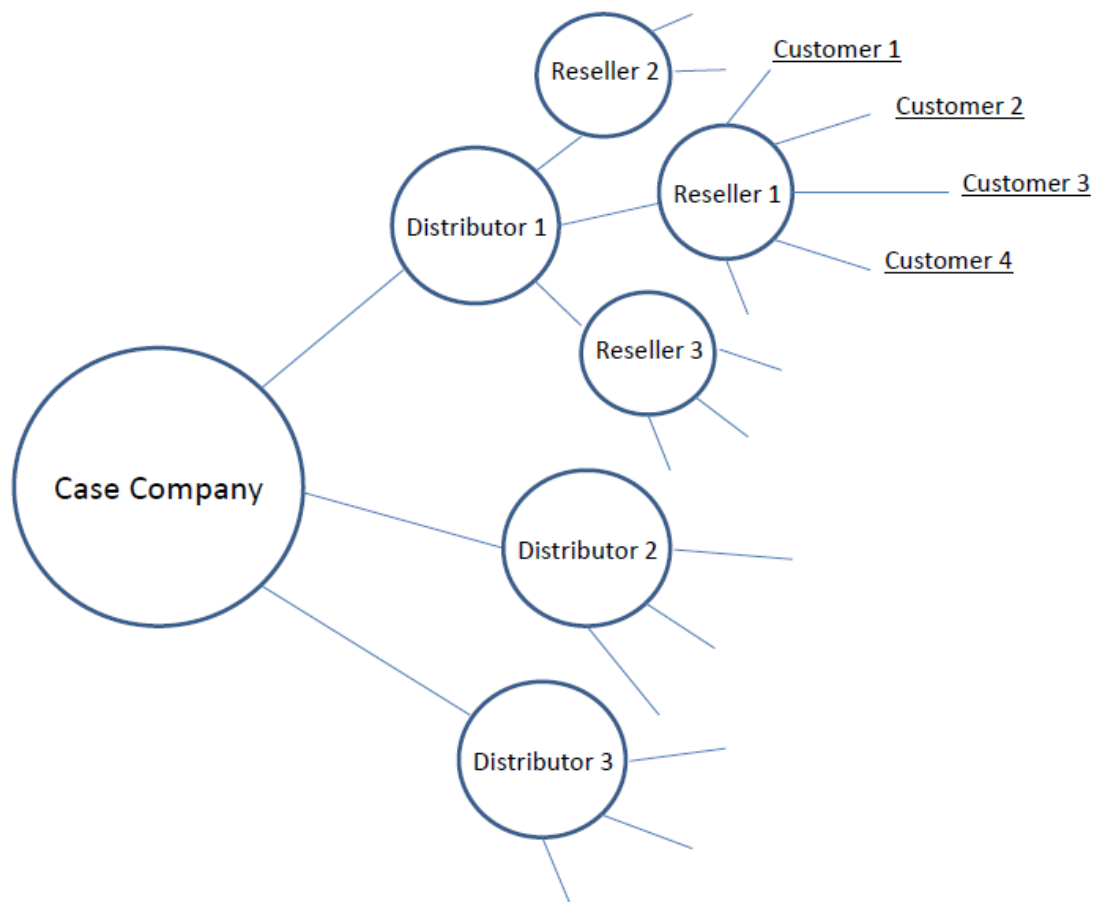


and servers. The distribution of these services is done through the distributors and resellers.

The research and Thesis report is conducted for the corporate business unit, therefore it is presented in a greater detail in the next section.

### 2.3 Case Company Corporate Business Unit

Case company corporate customers are reached through the sales channel which involves distributors and resellers. Corporate customers are businesses of various sizes from small and medium sized companies to big enterprises and corporations. Normally, there is one distributor in each country who is responsible for recruiting and supporting resellers, who in their turn deliver products and provide services to the corporate end users. The sales channel is presented in the figure below.



*Figure 3. Case company distribution channel structure.*

Figure 3 shows that case company corporate business unit distribution model is based on the network of intermediaries – distributors and the resellers who deliver the product to the end customer. Case company has local presence in many countries, where then country office is responsible for the revenue in that specific region. The rest of the world, where country office is now present, is handled by one of the departments in the head quarters – the Regional Sales. Regional Sales handles all countries, where there is no local office, covering the regions like Middle East, Asia-Pacific, Eastern Europe, Latin America, Africa, and more. The research and Thesis report is done for the Regional Sales and covers distribution channels in these regions.

There is case company channel manager, who is responsible for the channels. That normally means that one sale person would be responsible for a few distributors and therefore the sales in multiple countries with the exception to those regions where the case company country office is handling the channel. Normally, channel manager has scheduled meetings with the distributors, where sales strategy, sales targets, new reseller recruitment and marketing activities are discussed and agreed on. Additionally, distributors are often in contact with the channel manager and marketing manager. Marketing activities vary between the regions and the investment level is also different, depending on the potential growth a specific channel can generate.

Corporate business sales have always been important unit in the company and now bring roughly half of the revenues. A range of products and services allows reaching different customer segments – from small and medium-sized businesses (SMB) to the larger corporations.

Providing security as a service is a new strategic choice of the company corporate business. Starting from 2011, all business licenses are available as a service. That means, that solutions are provided and hosted by the case company, but the service is delivered to the corporate customers by the resellers. Since it is a service, customer can subscribe for it rather than purchase a limited time license and manage security internally. Security as a Service concept has been launched recently still requires further marketing and sales support in order to succeed in all of the regions. Identifying what support is needed for a better service business model acceptance is one of the questions to find out by the research.

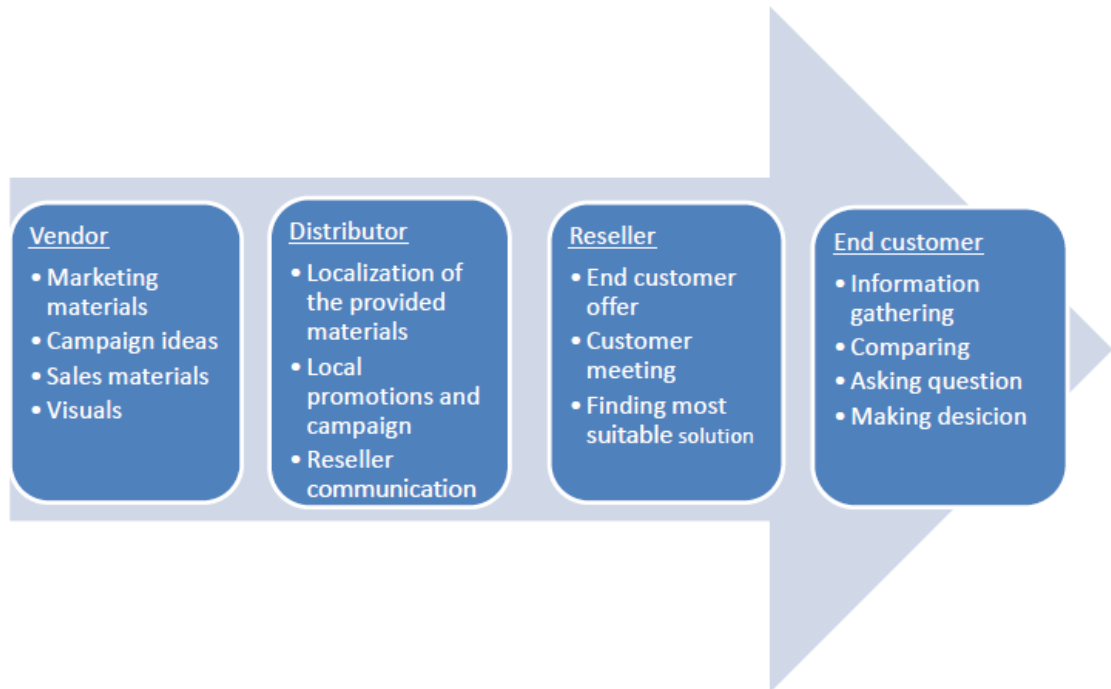
*Marketing Processes at Case Company Corporate Business.*

Since the current research develops and improves the marketing process to support sales of corporate products and services through the distribution channel, it is important to get an overview of how marketing processes are organized in the company currently.

First of all, there is a corporate marketing team at the head quarters (HQ) of the case company who are responsible for the development of all marketing materials, launches, visual materials, on-line presence and activities and so on. Basically, every product, solution or service would have a ready portfolio which supports both on-line and off-line marketing activities. The portfolio includes visual materials, ideas of the promotion and campaign, banners, brochures, datasheets, sales presentations and more.

Second, every country office has a marketing manager – a person who is responsible for the marketing activities in the specific region. Normally, that means implementing and pushing to the channel all the ideas which HQ team provided in combination with own country specific activities such as road shows, exhibitions, reseller meetings and such.

Third, as mentioned previously, channel managers are the ones who work with the channel – distributors and resellers directly. In most cases, case company channel manager would be in direct contact with the distributor who in its turn responsible for managing the reseller channel. Depending on the size of the revenue generated by the channel, channel manager would have schedule meetings with the partners to discuss among other things also the marketing activities which need to be initiated in order to reach the agreed targets. Often, these activities include HQ provided materials, country-specific activities, developed by the country marketing manager and any other activities which distributor decides to initiate. The figure below represents the process of marketing and sales support flow from the case company to the channel.



*Figure 4. Marketing support process in the distribution channel of the case company.*

Marketing and sales support process includes not only the materials which are delivered to the channel, but rather all interaction which happens between the case company and the partners. Specifically, it is important to understand how much of additional value each of the channel members adds on the materials and offers suggested by the vendors. Distributors and resellers should use provided by the vendor materials and update them with relevant information or input which at the end will fir the market and most and bring the most value to the end user. Research will also evaluate how relationship factor influences the process and whether it is important when evaluating overall marketing and sales support process.

If distributors and resellers are well supported by the vendor in terms of sales and marketing, it will translate to the positive results. The results can be measured by looking at the company corporate business unit strategic objectives which include new sales growth, new reseller recruitment, ease of doing business and providing all the growth of the service business (providing full product portfolio as a service).

### **3 Method and Material**

This section presents the research approach, data collection and research implementation stages in which materials for analysis and data were collected. The research approach, which this Thesis is based on, is action research.

It is important to note, that every country or region would have their own distinctions. For example, competitor's presence may vary between the regions. Therefore, this research concentrates on the general level of feedback which is applicable to the global process and generic materials developed by the HQ. Thus, even though the research is conducted collecting feedback from the partners which are working with the regional sales department, research results will however be valid also for the HQ driven processes.

#### **3.1 Action Research**

Good action research should be purposeful, goals need to be significant and clearly defined, methodology needs to be defensible, evidence needs to be systematically analyzed and objectivity of the researcher should be evident. In order to fulfill these objectives of good action research, the research cycle should consist of four main stages: diagnosis, planning, acting and reflecting. Each of the four stages was shortly described in the introduction of the report. Acting and reflecting stages are also presented in a greater detail in the following sections of the report.

#### **3.2 Data Collection**

In order to obtain feedback from the channel and answer the research question, a questionnaire and discussion café techniques were used. All data was collected at the partner even at the end of January, where during two days of the seminar partners were able to answer the questionnaires, share their opinions and feedback at the discussion café session and elaborate further on their experiences and concerns throughout the two days of the seminar.

Data collection methods applied in this study are presented in Table 1 below.

	<b>Respondents</b>	<b>Data collection</b>		<b>Data analysis</b>
<b>Technique</b>		<b>How</b>	<b>What</b>	
Questionnaire	Distributors, resellers	Printed questionnaire distributed during the conference	Questions presented in Appendix 2	Gap between the existing and desired situation
Discussion Cafe	Distributors, resellers	Four tables, one discussion topic per table, one discussion facilitator per table	New reseller recruitment; New sales growth; Ease of doing business with the case company; Shifting to the service model of business.	All comments and notes analyzed and categorized. Notes are presented in Appendix 3. Coding.
Internal management meeting	Corporate marketing manager, Regional Sales Director, Corporate Sales director, VP Corporate business	Meeting, 2 hours	Reflection on the research results and action formulation	Memo.

*Table 1. Research methods used in this study.*

As seen from Table 1, a range of data collection methods is applied in this study. First, data was collected by distributing questionnaire at the partner event. The total number of respondents from all three methods equals to forty. Questionnaire included seventeen statements with two scales – to reflect on the current situation and to identify how important specific process or material is. Additionally, there were four open questions, where respondents could provide their comments.

All the answers from the questionnaire were collected in one excel sheet and numerical data was analyzed. For each question, an average grade reflecting the present situation was calculated and average grade reflecting on how important this issue is to the respondents. Additionally, variance for each question was calculated to help identify the data reliability. Finally, the gap between the present situation and its importance

was calculated to reflect on what important issues are performed poorly now and need therefore have immediate attention. The table with average results per question and the gap is presented in Appendix 2.

To provide answers, the scale from one to five was used. To reflect on present situation, one had to be selected to "strongly disagree", two to "disagree", three to "neither agree nor disagree" and respondents were advised to avoid this option, four to "agree" and five to "strongly agree". To identify the importance of the statement, one had to be selected to state that something is "unnecessary", two to state that something is "not important, but pleasant, if this is the case", three to state that something is "useful and desirable", four to state that something is "necessary" and five to state that something is "absolutely necessary".

After all the answers have been collected from the questionnaire and average grade per question calculated, special attention was given to the following answers: first, those statements which scaled less than three and a half to reflect the existing situation, which means all of those statements which respondents tended not to agree with; second, those statements the important of which was above four and half, meaning that something is more than necessary or absolutely necessary; third, the gaps between the present situation and the importance of the statements which were close to or more than minus one were selected. In the Appendix 2 the answers which fall into one of the categories described above are identified with the bold font.

Thus during the data collection process, both questionnaire and qualitative data was collected. Normally, quantitative data analysis would require a large number of respondents in order for data to be reliable. Therefore, in this research, questionnaire was used as a first step in the research, the aim of which was to identify the issues which needed improvement the most. Questionnaire was not originally designed to be the main data collection method, but rather as a first step of the qualitative research.

Qualitative research included the discussion café session and interviews with the partners during the event. Discussion café term refers to the same as the world café method. World café is a method which is used to explore the issue by the discussion in small groups. The participants are seated around the table and coffee or tea can be

served to allow more relaxed atmosphere where people are willing to share their opinions. After a fixed time period (20-30 minutes), people are asked to move around to the next table and discuss another topic. One person always stays at the same table and summarized the discussion of each group. The world café technique is especially good to use when feedback needs to be obtained from a large group of people who need to be involved in the dialogue, knowledge sharing and innovative thinking and the research aims to conduct in-depth exploration of a specific problem or opportunity. The World Cafe methodology was written by Juanita Brown and David Isaacs in 1995. (The World Cafe: Shaping Our Futures through Conversations that Matter 1995)

Discussion café tables were hosted by different case company employees, who took notes during the sessions. Combining different research methods and engaging different people in the research data collection helps to increase the reliability of the qualitative research. Additionally after data was collected internal meeting was held to present collected data to the management and interpret it in a way which can be generalized and shared with the whole business unit.

Research implementation and data collection are presented in the following section.

### 3.3 Research Implementation

During the planning stage of the action research data collection methods were defined. During the diagnosis stage it was identified that one of the ways to improve company's competitiveness is to provide better support to the distribution channel. That means, identifying motivational factors for the partners, how support processes and provided materials can be improved and obtain general feedback from the channel.

At the end of January 2012, partner event was organized, where the case company distributors and some resellers were invited. Event program was scheduled for two days and included two types of sessions – new information sharing with the partners and facilitated discussion sessions which were organized in order to obtain feedback from the partners. The research data was mainly collected during these two days, however partners were also providing their ideas on some topics raised during the event during the next two weeks after the event via e-mail. All this data was recorded in the form of notes and later shaped into the presentations, being divided into four



main topics (new reseller recruitment, new sales growth, ease of doing business and service business model). Later, after qualitative data grouping in the categories internal meeting was held, where collected data was presented to the management. During this meeting solutions for the process development were discussed based on the collected information.

As mentioned above, research combined different data collection methods in order to increase data validity and reliability. First step of data collection was questionnaire. It helped to identify the most critical issues which needed improvement. Second, facilitated discussions were held with the partners. The most important session was the discussion café, this method and its implementation is described below. Third, in order to interpret the data and elaborate on the solutions and process improvement ideas, internal management meeting was held. This step is especially important in the action research, since the internal discussion of the research findings was the beginning of the process development and improvement implementation. More details of the data collection methods are provided below.

### 3.3.1 Questionnaire

The first method of data collection was selected to be a questionnaire. Questionnaire allowed collecting questionnaire data which helped identifying which areas of the current sales and marketing support processes needed immediate attention. Questionnaire is a reliable way of data collection because quantitative data is less likely to be misinterpreted and provides good insight to the problems which respondents are asked to rate.

Questionnaire included seventeen statements with the numeric scale to provide answers and four open questions where partners could put their free comments about the issue. Each of the seventeen statements had two scales: one to reflect on the present situation and second one to reflect on the importance of the issue. Using this approach, collected data reflected not only if existing situation is good or bad, but also the importance of the issue. For example, if the existing situation of a specific statement is not good, but it is not the most important either, then may be company should rather concentrate on those issues which are very important for the partners to be improved.

The seventeen statements were covering three different areas which research was aiming to obtain feedback on in order to develop the processes. First area included general communication statements such as news, information on the new products and features availability, technical documentation provisioning and all messages which are continuously sent to the channel. Second area included statements related to the sales support and partners were asked to reflect on the presentations provided by the company, competitor related information, sales argumentation and other materials which are meant to be supportive to the partner when pushing a specific product or service to the channel. Third area included marketing related statements, such as quality and frequency of the promotions and campaigns initiated by the company, quality and relevancy of the visual materials supporting the products and services, gadgets and other support materials.

Questionnaire also included four open questions where partners could express their opinion on the subject. The four questions were covering the most important topics which covered either business growth (new sales, renewals and new reseller recruitment) objectives or related to the new strategy implementation (service offering).

Questionnaires were handed out as paper copies at the partner event at the end of January and collected back during the same day. Almost all event participants gave their feedback and total number of answered questionnaires was twenty eight. This amount of questionnaire data is sufficient taking into consideration that collected with the questionnaire data was designed to be combined with the qualitative data collected from the discussion café session and from the interviews kept throughout the event.

The questionnaire questions can be found in Appendix 1.

### 3.3.2 Discussion Café

Discussion café is a facilitated brainstorming session which helps to obtain constructive feedback from the participants. Normally, discussion café would have several topics, each topic discussed by a group of people at a different table. There is one facilitator at each table who is responsible for taking notes while participants are sharing their thoughts, ideas and concerns. Time for each topic discussion is limited and once ex-

pired participants are moving to the next discussion tables to reflect on another topic. Before the discussion at new table starts, facilitator of that table gives a short summary of what previous group have discussed.

As a part of the research implementation discussion café was organized during the partner event. There were four discussion topics – ease of doing business, aiming to obtain feedback about the relationship with the partners; new reseller recruitment; new sales growth and shifting to the service offering. Each of the discussions was facilitated by the case company representative who was taking notes of the discussion. Later these notes were collected into the presentations separately for each topic. Each table was attended by four or five participant at a time – all distributors from different countries. Each discussion lasted about 20 minutes, after which participant were asked to move to the next table. Participants were asked to change groups when switching to the next discussion topic.

During the discussion café, the table facilitators were taking notes during the discussion and did not have any influence on the opinion of the group of individuals. It was important to be able to collect both positive feedback and feedback on the critical issues which needed development and improvement. Often, the feedback was related to the operational level or reflected on a specific issue – like quality of marketing materials or sales presentations. On the higher level of the support processes partners' opinions were positive and according to feedback did not require any significant changes. The collected data and research results are presented in one of the following sections of Thesis report.

### 3.3.3 Internal Management Meeting

In the action research, reflecting is a necessary step after data collection. It is important to look at the collected data and see what actions can be taken immediately or in the short term and what needs to be changed on a process level or be included in the long-term planning.

During the research qualitative data was obtained. All qualitative data was carefully analyzed and put into categories. The data was collected in one presentation per category. Already at this stage, some action points were determined.

In order to implement the improvement and act quick, a management meeting was held. The meeting was attended by the regional sales department manager, marketing manager of the corporate business unit, sales director of corporate business unit and vice-president of corporate business unit, five people altogether. Some actions to respond to the issues were agreed on already during the meeting.

### 3.4 Data analysis methods

Two different methods were used to analyze the collected data. Survey results were analyzed using the excel sheet, where the average value, variance and the gap between the existing and the desired situation for each question was calculated. Then questions with the average value below or above the specified limit or with a large gap were taken into account when formulating the research results and recommendations. Additionally, all feedback from the questionnaire was categorized into four categories using the coding method described in the next paragraph. The four categories were the same as the corporate business unit strategic objectives and the four topics of the discussion café.

Coding theory suggests that all collected qualitative data (in the form of sentences, observations and ideas) is fragmented and taken apart into categories. After that, the themes are assigned to each statement, which helps to categorize the codes into the topics where these problems belong to. Since qualitative data was collected using the discussion café session, which means that specific topics were given for each discussion table, the categories are naturally formed based on the discussion topic. Then, the themes were assigned to each statement which were then used to formulate the recommendations. (Voss, et.al 2002:212)

### 3.5 Validity and Reliability Considerations

There are three important criteria to reflect on when reflecting in the research results: rigour, validity and reliability. Research is rigorous when the collected data actually

helps to solve the research question, and correspond to the title of the research and the research objective. Additionally, more than one research method can be used for the research to be more rigorous, and the research report should present the research well enough for someone else to replicate the study. Another important criterion of a good research is validity. Validity refers to the data collection techniques and questions asked which should be suitable instruments for what research is aiming to measure. Valid research also means that collected data is accurate, correct, well interpreted and actually provides an answer to research question. Third dimension of a good research is reliability. Research is reliable if it is trustworthy and authentic. Research is reliable if similar results can be obtained by a different method or a different researcher or if research is conducted at a different point of time. Thus, to increase the reliability of the research, different data sources and different collection tools can be used, data can be collected at different points of time or different parts of the research can be performed by different people. (Quinton & Smallbone. 2006: 127-138)

In order for this study to satisfy all three criteria of being rigorous, valid and reliable, the following steps are taken in this Thesis. First, more than one data collection is used to ensure the richness and quality of the data. Thus, the interviews and the questionnaire are held and complemented by the discussion café session. Additionally, the internal meeting is held to reflect on the obtained results and interpret data in the most reliable way. This combination of the research techniques, which ensures triangulation of data sources, as well as involvement of different people to interpret and validate the data, forms the basis for conducting valid and reliable research.

## **4 Best Practices of Marketing and Sales in a Distribution Channel**

This section of the report covers the definitions and concepts of marketing, sales and the distribution channel. To answer the research question of how marketing and sales support processes of the case company can be improved and find out what motivates the distribution channel partners, the best practices need to be collected from the literature. These theoretical background and best practices will help to formulate the framework for the recommendations which will be the outcome of the study. Therefore, the following topics will be elaborated on: distribution channels, relationship marketing, marketing and sales support programs and the case studies from the same industry which can be used as a new idea generators or examples to be used in the benchmark.

### **4.1 Software Distribution Channels**

Two- and multiple-tiered distribution is a popular way of entering new markets. It means that instead of handing sales directly, vendor would use the intermediaries who are already serving the customers which supplier is searching to reach. The main advantages of the distribution channel are the leverage and cost effectiveness which enables the vendor to reach the masses. Each intermediary might be bringing only a few new customers, therefore having many resellers in each region is important. (Dent 2011:13)

The research is conducted for the corporate business department of the case company which is distributing its solutions' licenses and services through the distribution channel. In order to identify how this channel can be supported better, it is essential to describe why such distribution method was selected by this business unit.

Regional sales department is responsible for the markets where the case company does not have an office. That means that offering solutions and services to the business customers directly would require a lot of efforts, such as localization of the materials, learning and understanding the market as well as economical and political situation in the country. Additionally, vendors would require significant resources for frequent travelling to the remote location for the events, customer meetings, trainings

and other activities which are required to control the sales and grow business. All these actions add on costs and result in general competitive disadvantage in the region. On the other hand, working with a local firm allows company to concentrate on the technology and innovation, having the local distributor handling the sales with local know-how and most suitable for the market manner. Concentration on the technology and innovation allows the manufacturer to implement the differentiation strategy. (Wren 2007:83)

Doctorow et.al also suggest that two-tier distributions are quite widely used by the companies entering the emerging markets. Additionally to the cost effectiveness they also point out that the network of resellers is more efficient in reaching different customer segments – some of them are concentrating on the smaller businesses, whereas others are serving large enterprises and corporations. Each of them would then often have an established relationship with the business customers which helps to introduce new products and services faster. Further, local partner is better at assessing credit risk as well as setting sales targets, which can be difficult for a manufacturer entering the market on its own. After the market entry, manufacturers can also provide marketing and sales support to the distributors to drive the demand and increase product penetration in the market. (Doctorow, et.al. 2008)

Channel control is another subject which needs to be considered by the vendor. The aim is to have partnership relationship rather than intermediaries which vendor needs to control. Partnership would normally require commitments from both sides – pricing and promotional programs, co-operational and partner programs, incentives and agreed margins and finally shared targets can be used to monitor the channel commitments and success or failure. (Fraizer 1999:229)

Earlier in the report it was mentioned that corporate business strategy is to provide its full product and solution portfolio as a service. In this context, resellers who have established relationship with their customers are the key to the strategy implementation. A product supplier is able to identify customer's needs, to advise on the product which fits them best, to provide this product and set it and, finally, to provide the ongoing services which will prevent failures in the product's performance. (Allmendinger and Lombreglia 2005:132)

There are two important dimensions of the distribution channel: the first one is the value-added in the downstream channel, which is important for the supplier to consider and the second one is replaceability of the suppliers, which is important for the intermediaries in the channel to consider. The value-added in the downstream channel dimension refers to the intermediary contributions which take place before the exchange with the end customers is completed. Adding value to the products and services provided by the supplier is the fundamental function of the distribution channel. In the case company case, providing own solutions as a service, allows partner (distributors and resellers) developing and growing their business. Instead of just delivering the license to the end user, they now can offer a continuous service, when customer doesn't need to have resources to manage the installation, settings, updates and upgrades, because it is all done by the case company partner. In this scenario, the case company is only hosting the solution, the partner manages the solution on behalf of the end user and end user saves on the IT resources which would take care of the security and pays on the most convenient for them basis (monthly, quarterly or early). The second dimension of the channel – replaceability of the suppliers is important motivational factor for the intermediaries, which means that is provided products can easily be replaced by the competitor offer or the substitute product, then the intermediaries in the channel are less motivated, therefore the suppliers in this case should think of how their offering and business models can be differentiated in order to be preferable by the channel. (Kim & Fraizer 1996:21)

Thus, case company gives an opportunity for its partners to grow their business by providing additional paid services on the top of the solution. There were a number of campaigns launched to motivate the partners to provide value-add services. This model also secures higher customer retention rates, which allows the case company partners obtaining new customers. By helping partners grow their business together with the case company, company strengthens its relationship with the channel, which is an important asset and is discussed further in the next section. Similar model was implemented by CISCO, where their Value-add resellers were compensated with additional margins based on their performance and value-add behavior as opposed to the sales volumes. (Kalyanam & Brar 2009:116)



## 4.2 Relationship concept

In the introduction it was stated that software distribution channels are somewhat similar among the vendors. Therefore, it is valid to suppose that relationship with the partners in the channel plays an important role and can be a strong competitive advantage for the vendor.

The traditional marketing concept suggests that all interactions between the parties in any marketing and sales activity are of a transactional nature. However, the relationships have become an important concept in marketing. This idea is also supported by Lindgreen, et.al (2004:675) where they analyze how marketing practices have changed and shifted from the transactional marketing, where the objective is to attract new customers, to the relationship marketing, where in the modern situation of increased competition and lack of differentiation between the products companies concentrate more on relationships, networks and interactions in order to retain the existing customers and increase the revenue by offering new products and services to the existing customers. (Lindgreen et.al. 2004:675)

Svensson (2002) also emphasizes the relationship-dependence which refers to business and marketing activities between the companies which make them dependant on one another in this interaction process. Later, in 2005, Svensson also stated that in order to reach individual and mutual goals, companies need to co-ordinate their business operations. These interdependences between the corporations influence the marketing concept which considers the benefits for each company involved, for the customers of each company involved and for the end users. (Svensson 2005:7)

Sheth (2002) on the other hand, emphasizes that often the biggest accounts are not the most profitable ones and suggests that companies should segment their customers (or partners) into segments and implement traditional transactional marketing models with some of them and relationship marketing models with the other. (Sheth 2002:591)

Sheth's idea of hybrid marketing model is also applicable to the channel marketing. In the case of Regional Sales of the case company, all regions are different: some have higher growth potential, some have better committed partners and some have been

partnering and offering solutions for such a long time that no or little support is required. Thus, company needs to decide which regions will be involved in the relationship marketing model and therefore receive more resources from the vendor, and which will be more in the maintenance mode.

The relationship building and development does not come as a separate task and in order to measure and evaluate the relationship, also processes between the partners and the outcomes of these processes need to be considered. Based on the processes and outcomes different relationships are formed, some of which need to be developed further and some other which would be more profitable to discontinue. For example, there can be four scenarios of different relationship, suggested by Ritter (2007): high performing relationships with significant outcome should be invested in and developed further in order to ensure similar outcome achievements in the future; in the troublesome relationship which however delivers good outcome, the processes need to be developed which will eliminate the misunderstanding and misfit between the parties involved and result in a high performing relationship; another scenario is when the processes are smooth, but no outcome is delivered, which identifies that the relationship's value proposition is unclear and needs to be sorted by the parties involved; finally, the relationships with the challenged processes and the negative outcome need to be discontinued in order to avoid the inefficient allocation of the resources. Thus, Sheth's idea of analyzing the relationship potential and estimating the outcomes is essential before starting to build the relationship and invest the resources in it. Additionally, Ritter (2007) defined relationship to be interactions based on joint efforts and mutual agreements. Furthermore, the close, integrative and trusting relationships built on joint efforts can be called partnerships. (Ritter 2007:200)

Thus, relationship plays an important role in marketing and sales processes and should therefore be investigated during the research.

#### 4.3 Marketing and Sales Support in the Distribution Channel

Marketing and sales processes are a part of the marketing strategy process which is a complex high level process formulated by the company. Marketing strategy process includes plans and activities which are internally consistent and supportive to the business objectives. The process includes seven major parts: customer analysis, market

analysis, review of the competition and self, review of the distribution channels, development of the marketing mix (which includes plans about place, promotion, product and price), evaluation of the economics and the revision of all previous steps. Marketing and sales support processes, which are assessed in this study, are based on the review of the distribution channel and consist of activities and deliverables which can help the partners to bring value to the customers. (Silbiger 2005:3)

There are many different ways how products and services reach the end customers. These methods of product delivery to the customers are known as the channels of distribution. It is critically important for the marketing specialist to analyze the different channels, since the choice of the channels will influence the price which can be charged and, as a result, the profit margins. Therefore, when choosing the distribution channel, the following questions need to be considered by the marketing department: how can products and services reach the customers; how much the players in each distribution channel profit from reselling and distributing the products and services and who holds the power each distribution channel. (Silbiger 2005:27)

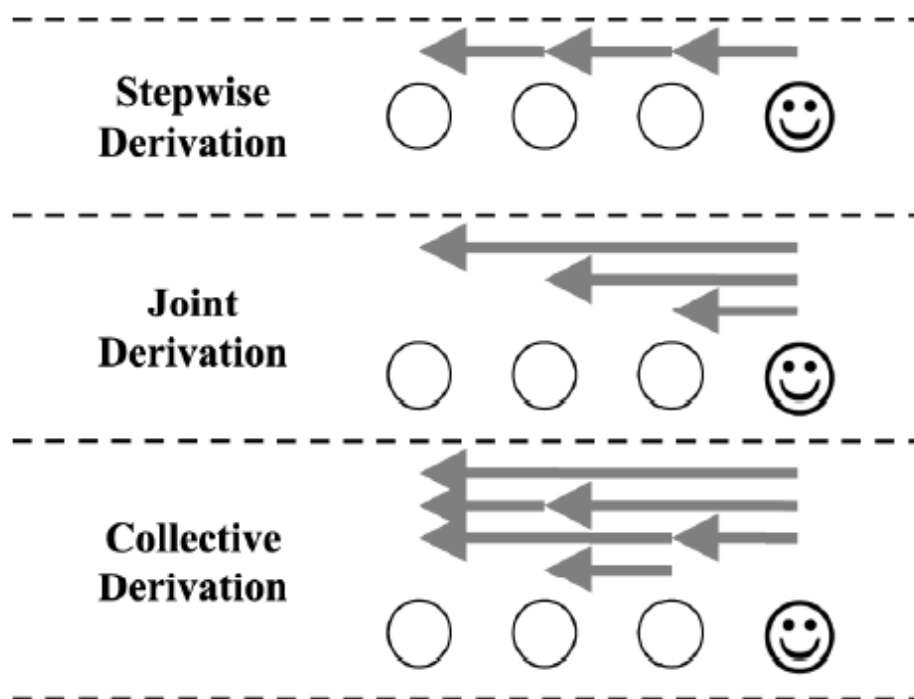
Using intermediaries as one of the chosen distribution channels requires careful planning of the communication and materials in general. Therefore, suppliers need to be able to provide relevant information to the channel. Different distribution channel members are concentrating on providing different information, but the overall communication which reaches the end customer should be easy to understand clear message. For example, often the vendor is concerned about providing product related information to the distributors, who in their turn push further down in the channel and it eventually will reach the end customer. Distributors, on the other hand may be more concerned about communicating why a specific product should be purchased from them, emphasizing for the example the services which they offer or the margin which they are willing to give to the resellers. Thus, the communication is an important part of the marketing and sales processes and is presented in more detail in the following section.

#### 4.4 Spherical marketing concept

The topic of channel communication was well described by Svensson (2005) in his article "The spherical marketing concept". According to Svensson, the process is not

ended when the message reaches the end user, like the traditional model suggests. Communication flow should rather be seen as a circle or a sphere. The traditional marketing concept and the spherical marketing concept are described in a greater detail below.

The traditional marketing concept, which does not consider all channel members simultaneously, but rather concentrates on one or many communications which are separated from one another. Therefore, the traditional marketing concept can be based on three different marketing derivations. The marketing derivations are illustrated in the Figure 5 below.



*Figure 5. A typology of derivatives of the marketing concept. (Svensson. 2005:9)*

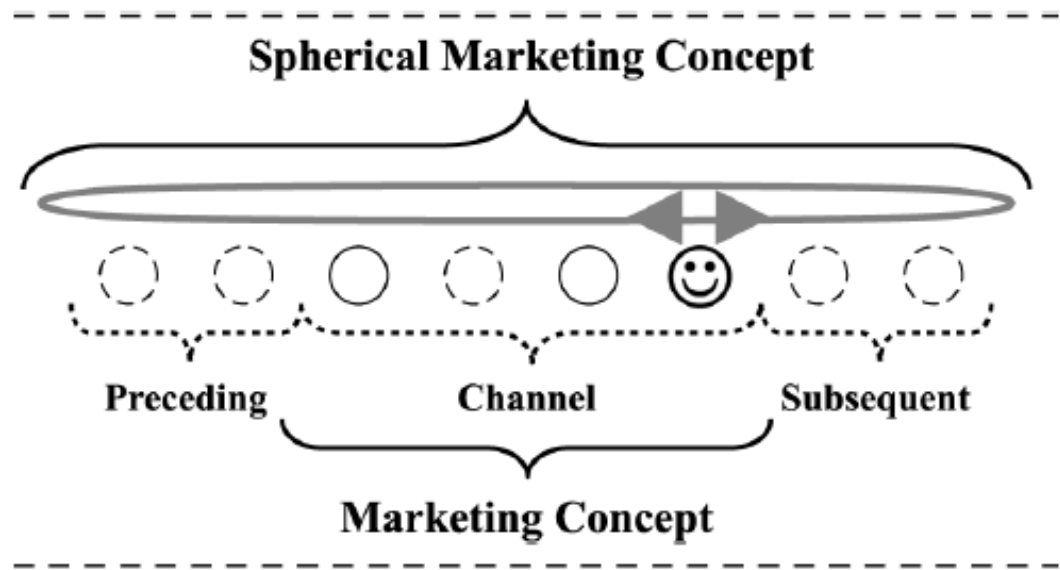
As shown in the Figure 5, in the first derivation scenario, each member of the channel sees only the next channel member as the customer of the marketing process and therefore plans all activities accordingly. Thus, vendor develops marketing programmes targeting the distributor, distributor targets the reseller with own programme and reseller then develops marketing plan which aims to reach end users. This first scenario is known as stepwise derivation.

The second approach is known as joint derivation. That means that all channel members are concentrating on the marketing programmes which are built based on the needs, wants and requirements of the end user. Thus, each channel member has an own plan on how to satisfy the end user, but these plans all exist separately from each other and are not coordinated by the channel members in any way. Third scenario is called collective derivation, which requires the most co-ordination and co-operation between the channel members.

In the collective derivation, which is the third approach shown in the picture, each channel member considers the needs, wants and requirements of all levels which are below its own operations (for example, vendor focuses on the distributor, reseller and customer; distributor on the reseller and customer and so on). This model is able to deliver best results, but it requires a lot of internal co-ordination between the channel members. (Svensson. 2005)

It is important to realize that none of the marketing derivations presented above consider the actions and processes which lay beyond their view. That means that the channel members are not concerned about what is happening with their product or service after the end customer purchases or uses it.

The spherical marketing model by Svensson suggests that the process should not have the beginning and the end, but should rather try to look at the bigger picture which includes all channel members and all end customer processes. The spherical marketing concept is illustrated in the Figure 6 below.



*Figure 6. The spherical marketing concept versus the marketing concept. (Svensson, 2005:11)*

As Figure 6 illustrates, spherical marketing concept aims to connect different levels and members of the process and make them consider also the preceding and subsequent levels of the process. The difference between the spherical marketing concept and the traditional marketing concept is that in the spherical concept process channel member looks at the whole process and are not limiting their actions within the channel frames. Spherical marketing concept is a circulation approach which connects all members and components and creates interfaces for the members from the different levels of the process to interact and reflect on the activities which preceded the specific experience of which would happen after it. For example, when concentrating on the marketing of own products and services, vendor should consider what are customer experiences before they realized the need for this product or service and what will end customer actions be after he obtains what is requires (using, recycling, developing, etc). (Svensson, 2005)

The concept of involving all members in one process, where all of the them act as customers and suppliers of each other was also discussed by Vargo and Lusch in the study where they describe the shift from goods-dominant to service-dominant logic. Service-dominant logic suggests that standard life-cycle of value delivery to the customer is to

be replaced by such business relationship between all stakeholders which unifies all of them in one ongoing process. In this process all stakeholders are the customers and the producers of the services at the same time. Company's role of producing and delivering value to the customer is substituted by the co-creation of value together with the customer. Thus, involving the customer in the processes helps to understand better all customer processes, also those which have happened before the activities related to the offered product or service and those which will happen after customer used the product or service and needs to either dispose, renew or replace it. (Vargo & Lusch, 2011:182)

Summing up, the conducted literature review shows that close involvement of the channel members and continuous feedback flow from the channel are the essentials of the successful marketing programs and the support processes. Product and service distribution through the channel of partners is the most efficient way to conduct business in the remote territories taking into consideration their knowledge of the local market situation, leverage and the cost effectiveness of the channel distribution. Relationship marketing is more efficient than the transactional marketing, but also requires more resources from the vendor. Investing the resources in the relationship building with those partners and channels which have the most potential and will generate the most business is proved by the theory to have a positive impact on the business growth. Partnership through the relationship building results in parties commitment to the marketing and sales plans and commonly set targets for the business growth. Marketing planning should also be targeted to all channel members and consider how marketing actions will influence on each of them. Additionally, marketing planning processes should be seen as an ongoing process which does not have the beginning and the end, but rather has a shape of sphere which involves all channel members and the end customer with all processes involved.

The best practice suggests that the distribution through the reseller channel is the most relevant method of business growth in the remote areas. Therefore, in order to better support the distribution channels, the study aims to obtain feedback from the channel partners about the marketing and sales support processes and the deliverables of these processes. Additionally, based on the best practices described above, the evaluation of the relationship impact on the business results is relevant for the study.

Moreover, study should examine the communication processes and possibly the spherical marketing model should be implemented. The best practices suggest a ground for the research questionnaire and the discussion sessions. Additionally, the best practices will be included in the formulation of the recommendations to the case company.



## 5 Results and Analysis

This section presents the analysis of the collected data and the research results. First, questionnaire findings will be analyzed and questionnaire results concluded, second, discussion café session responses will be analyzed and categorized in the form which is easy to interpret in the results. Based on the research results and best practices described in the theoretical part of the study, the recommendations will be formulated.

Research implementation section of the report describes that both quantitative and qualitative data was collected. First, the questionnaire was used to identify those areas which need the most improvement. Second, discussion café and interview techniques were used to obtain more detailed feedback and suggestions on how issues can be fixed and processes improved.

### 5.1 Questionnaire Data Analysis

The questionnaire was answered by twenty eight partners who provided their feedback to each of the seventeen statements or questions, reflecting on the present situation and the importance of the issues. In the following paragraphs, the data is analyzed and appendix 2 presents the numerical input of the questionnaire results.

The results of the questionnaire can be grouped in three major topics: communication needs to be improved, marketing support needs to be improved and information about the competition needs to be improved.

#### *Communication needs improvement*

No	Question	Present	Importance	Gap
1	I receive enough information about new case company products and features	3,39	4,71	-1,32
2	I receive enough information about case company general news	3,79	4,29	-0,50
3	I receive enough information about the availability of supporting materials which are needed to sell case company products and services	3,18	4,71	-1,54

*Table 2. Respondents feedback on the communication.*

Table 2 above presents the questionnaire questions which identified that the communication needs improvement. The results presented in the table are based on the feedback from 28 respondents. Average score of the present situation of the communication related questions is below four. However the importance of the communication is scored close to five, which means that the gap between the existing and desired situation is quite high.

First, the communication concerning new products and features as well as availability of the supporting materials needs to be improved. This finding is based on the low rating of the existing situation of statement one "I receive enough information about the case company new products and features" and statement three "I receive enough information about the availability of supporting materials which are needed to sell case company products and services", which means that respondents tend to disagree with these statements. Also, most of the respondents rated that it is close to "absolutely necessary" for these statements to be true, which led to a significant gap between the present and desired situation and which means these are the issues which need to be addressed by the company. However, another statement related to communication "I receive enough information about case company general news" most of the respondents agree with, which means that the information sharing process is right, but the content of shared information needs to be reassessed and improved. Another important observation is that the variables of the negatively rated statements (one and three) were quite high, which means that these issues need to be research further in order to be valid.

*Marketing materials need improvement*

No	Question	Present	Importance	Gap
5	The case company provides enough marketing materials (sales presentations, brochures, marketing support materials, visuals, etc)	3,29	4,57	-1,29
6	I am satisfied with the quality and diversity of marketing materials available for each case company product / service	3,43	4,43	-1,00

*Table 3. Respondents feedback on the marketing materials.*

Second, the marketing materials need improvement. The results presented in the table are based on the feedback from 28 respondents. As shown in Table 3 above, both statements five and six which are about the quantity and quality of marketing materials ("case company provides enough marketing materials (sales presentations, brochures, marketing support materials, visuals, etc)" and "I am satisfied with the quality and diversity of marketing materials available for each case company product / service") scored below the level which would identify that partners tend to agree with these statements. The gap between the assessment of the present situation and the importance of the issue is also quite high, which means that marketing materials need improvement. The questions of what specifically needs to be improve and how were included in the qualitative data collection process.

Important part of marketing is campaigns and promotions which are offered to the channel, targeting both channel partners and end customers. Partner's general feedback on this topic was generally good. The importance and necessity of the campaigns and promotions was emphasized by the respondents. Also, partners showed general satisfaction on this topic.

Other two statements which were rated rather low and related to the marketing materials are about gadgets. Gadgets are all kinds of vendor branded goods such as giveaways or small souvenirs which are distributed to the channel and partners can use at for example resellers or end user events and exhibitions. Gadgets are normally used to increase the brand awareness and make company's products more recognized by their name. The importance of gadgets varied between the regions as well as the quality and the value of gadgets. The gadgets are important part of marketing support, however return of the investment on gadgets is difficult to calculate. Two questions related to gadgets were missing the answers of many respondents and the variable of the results is quite high. These two facts support the idea that the importance and general necessity of gadgets varies greatly between the regions and needs to be dealt with separately, case by case. Therefore, partners from different regions were approached with an idea to outsource the production of gadgets to their countries, which would decrease the shipping costs, significantly reduce the delivery times and allow customization of gadgets in a way which suits best for the region. Additionally this arrangement would decrease the time resources which vendor spends on these operations.

The idea was accepted by most of the partners and therefore became one of the actions taken immediately based on the action research implementation.

*Competitor information needs improvement*

No	Question	Present	Importance	Gap
15	Case company provides sufficient information about the competition and feature comparisons of each product against competitors	2,79	4,36	-1,57

*Table 4. Respondents feedback on the competitor information.*

Finally, third important topic which was identified as an issue for an immediate improvement is competitor related information. The results presented in the table are based on the feedback from 28 respondents. As presented in Table 4, there was only one statement related to this topic “the case company provides sufficient information about the competition and feature comparisons of each product against competitors” and it scored the lowest of all, so partner tend to disagree or strongly disagree with the statement. Also, information about the competition and the feature comparison is very important to be provided to the channel, so this statement also has the biggest gap between the present and desired situation. This topic was also raised by many partners during the interview and discussion café sessions, and became one of the most important issues found out during the research. Therefore, immediately after the partner event, this issue was address at the internal management meeting and note was taken as an action point by the vice president of the channel business, who promised to assign this task to the solution managers’ job description.

Other questionnaire questions, which were not presented above, are those which received positive feedback from the partners and do not need to be improved at the moment. These topics include the availability and quality of the technical manuals, white papers and the datasheets; the promotion and campaigns which are suggested by the vendor; amount of the trainings and support sessions organized by the vendor and the frequency and the content of the webinars which are organized by the vendor for the distributors and the resellers.

In summary, questionnaire helped to identify the areas which need improvement the most. First of all, general communication needs improvement. Specifically, it means that partners are interested in receiving more information about the products and their availability and general industry news which they can share in their communication with the end users. Second, marketing support needs improvement. In practice, partners are not satisfied with the quality and the variety of the marketing materials provided. Therefore, visuals and marketing deliverables for each product need to be worked on and improved. Third and very important improvement point is the availability of the competitor information. Partners emphasized the fact that the competitor analysis for each product should be available and should be continuously updated. Understanding the competition and how to tackle the strong features of the competitor products is important information which helps selling the products and services. Shortly, three most important development areas based on the questionnaire results are:

- general communication needs improvement
- marketing materials need improvement
- competitor information needs to be available

Questionnaire findings became the basis for the further research and qualitative data collection. The three topic described above, were discussed in a great detail during the discussion café session and the interview sessions. Additionally, the questionnaire results were split into four sections using the coding method described in section 3.4. The categorized results are included in the result summary table which is presented below in the following section.

## 5.2 Qualitative Data Analysis: Discussion Café

Qualitative data was collected during the discussion café session and the interviews which were done during two days of the partner event. The coding method, which was used to analyze the collected qualitative data was presented in section 3.4. All original notes from the discussion café session are presented in the Appendix 3. Coded data, split into four major categories is presented in the figure below. The four categories were: new reseller recruitment, new sales growth, ease of doing business with the case company and shifting to the service model of business. Coding and data categori-

zation makes it easier to structure the research findings and provide an answer to a research question in a constructive way.

During the discussion café and interview sessions, there was one message expressed by all of the partners – strong relationship between the case company and themselves. Based on the feedback, the case company relationship with the channel – distributors, resellers and the key customers is what differentiates the company from the competitors. Partners emphasized that case company representatives (channel sales managers, marketing managers and technical sales managers) are easy to reach, very responsive to the inquiries and invest their time in building close partner relationship by listening and trying to help partners to grow their business. Relationship building and management however requires resources from the vendor. Theoretical section suggested that some accounts are more profitable than the other, therefore vendors should invest into the relationship with the most profitable accounts or into those which have the most potential.

One of the research findings is thus the fact, that the case company differentiates itself from the competitors by investing in building the relationship with the key partners and emphasizing the fact that business growth is reached through the partnership where both parties are active and committed to reach the targets. The relationship is nurtured by the case company commitment to simple principles, such as availability, responsiveness, flexibility and commitment to grow business together. Close relationship with partners has positive impact on all four strategic objectives of the company - new reseller recruitment, new sales growth, ease of doing business with the case company and shifting to the service model of business.

In the one of the previous sections of the report, where research objective was explained, the idea of collecting data in four major categories (new reseller recruitment, new sales growth, ease of doing business with the case company and shifting to the service model of business) was introduced. Such categorization is needed to structure the collected data and simplify the results formulation. The four categories are strategic objectives of the company and improvement of each of them will help to formulate overall process improvements which is stated as the research question of this study.

### Four major categories based on the company strategic objectives



*Figure 7. Four major categories based on the company strategic objectives.*

Figure 7 shows the four major categories which were used throughout the research as the discussion café topics and when coding the questionnaire and the qualitative data. The four categories are chosen based on the case company corporate business unit strategic objectives. The feedback on the marketing and sales support and specifically the deliverables of these processes are described below and are presented by each category. The notes from the discussion café and interviews are available in the Appendix 3.

#### *Category 1: New sales growth*

New sales growth is an equally important topic for both the case company and the distribution partners. During this discussion all partners agreed with one who said that "Having up-to-date competitor information and the sales arguments based on the comparisons is crucially important". Partners were referring to the situations when they are selling a product to a large customer and have no supportive arguments in referal to what competitors are offering. Additionally having "reference cases of other companies who are using the same products" would support them during the sales process. Full list of feedback statements, findings and new ideas is presented below:

- Competitor information needs to be provided on an ongoing basis and include the sales arguments baased on the comparisons with the other products
- Excellence of the products and new features is a must

- Technical support excellence increases customer loyalty
- Roadmap of the product development need to be available to the partners and needs to be continuously updated
- Case study and reference cases portfolio is needed for each region
- Knowledge sharing among the partners from different regions needs to be facilitated and documented

### *Category 2: New reseller recruitment*

Partners who participated in the research were mostly distributors who are responsible for the local reseller recruitments. Important finding for the case company was that their involvement in the recruitment process would be appreciated and the “reseller recruitment programme needs to be formulated and implemented together”. Additionally, “every other IT vendor has a well defined partner programme, so you need to define and finalize yours”. Below are the findings from the new reseller recruitment discussion.

- Partner programme needs to be defined and implemented in each region
- Reseller recruitment programme needs to be formulated and implemented together (both vendor and distributor involvement)
- Incentives and better margins should be offered to the new resellers in the beginning
- Licenses provision to the resellers for their internal use
- Differentiation with the service business model

### *Category 3: Ease of doing business*

At the table, where ease of doing business was discussed, the partners expressed their general satisfaction with the way general process work and are carried out, however suggested further improvements of some tools, stating that “the partner portal structure needs to be improved and some feature of it need to be fixed”. It was also emphasized that “campaigns and promotions need to be valid for a longer period”. Below is the list of main points discussed at this table:



- Implement improvements of the partner portal
- Improve communication on the general company news
- Improve marketing materials quality and diversity
- Targeted marketing activities by region
- New promotions and campaigns

#### *Category 4: Service model*

The discussion of the new service model showed that in many regions partners do not understand the concept completely and are not sure how to present it to their markets. Therefore, the service model “needs to be explained and repeated more”. An interesting idea of presenting the model in a more visual rather than wordy way was suggested: “It is easier to explain to the resellers or customer the concept by showing the diagram rather than the descriptive text or a short movie / cartoon presenting the idea”. This and other ideas which were discussed at the service model discussion table are presented below:

- Service model needs to be explained and repeated
- Service model visuals and diagrams need to be developed to ease the understanding; introduce WebTV channel with the news
- References and case studies of the business model need to be documented
- Use verticals to push the service
- Promote the idea of full package of IT services being offered by reseller

The list above includes not only the feedback on the existing materials provided by the case company, but also some new ideas suggested by the partners during the discussion café and the interview sessions. This is a good reason to continue conducting research and obtaining feedback from the channel in the future – partners often know better what deliverables and visuals will be the most useful to them when offering a specific product or service to the market. Improving the materials which need to be improved is equally important to the implementation of the new ideas, because this is what nurtures the relationship with the partners, makes them feel heard and helps the vendor to provide the marketing materials which fit their needs the best.

As previously mentioned, all results were split into four categories. These categories are the case company strategic objectives and were the topics of the discussion café tables. The interpretation of the research results is presented in the following section. The study recommendations are built based on the interpretation of the results.

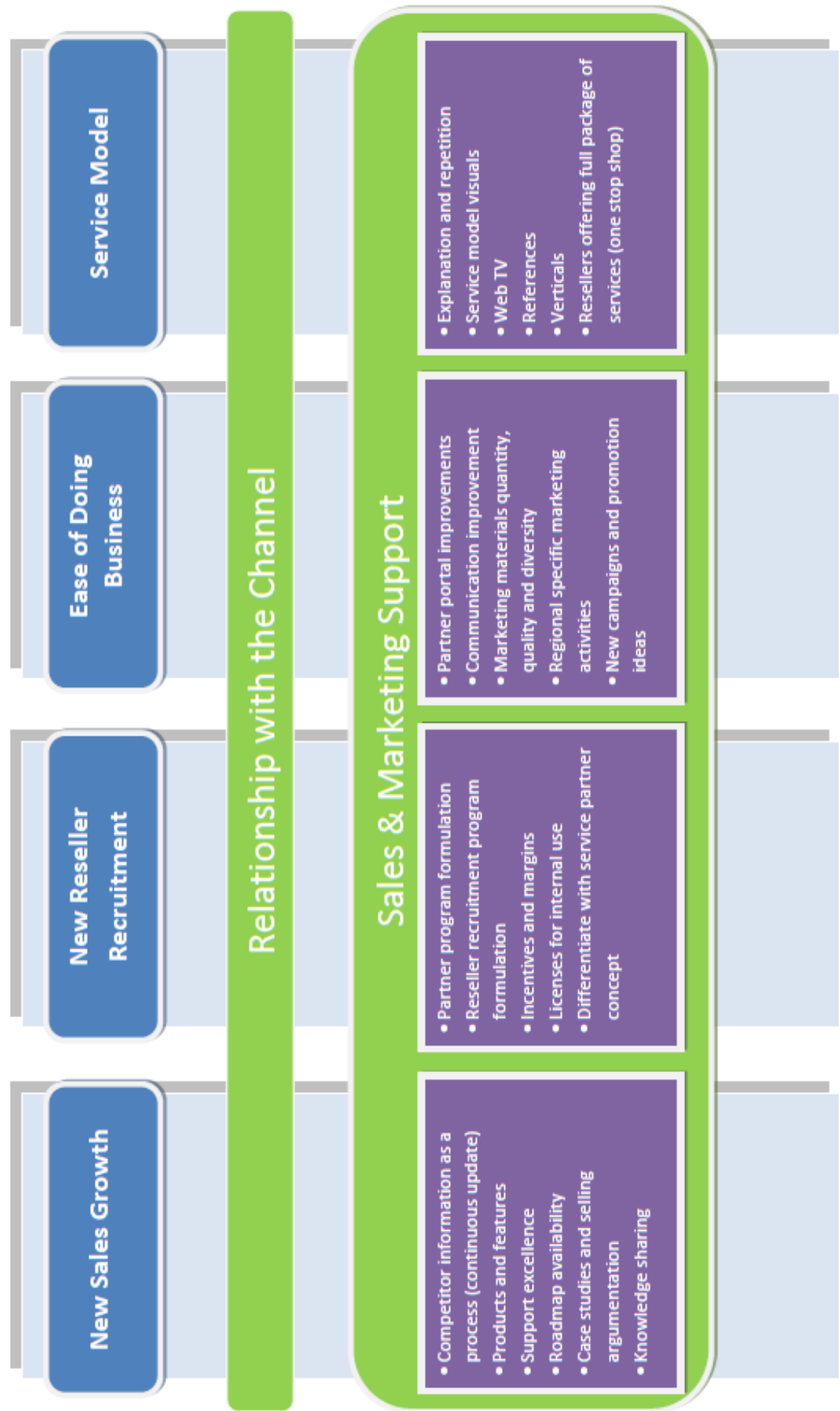


Figure 8. Research results summary.

The Figure 8 summarizes the research results and shows that in order to improve marketing and sales processes and reach the four strategic objectives, special attention should be paid to the relationship building which influences on all four categories and marketing and sales support, where all results have been categorized into four groups based on the relevancy to the strategic objectives using the coding method.

### 5.3 Formulating the Input for the Recommendations Based on the Research Results

Research results presented above provide valuable input for the formulation of the answer to the research question – how can marketing and sales support processes be improved. All collected data was categorized into four major categories which are the specific areas for improvement in the overall marketing and sales support process. In this section of the report, the results are interpreted.

An important finding is that the case company differentiates itself by building and investing in the relationship with the partners. Therefore, one of the ways to improve the support process is to continue investing in the relationship with the partners in the focus regions. One of the ways to build strong relationship is to emphasize the fact that business growth is possible through close cooperation, business plan formulation by both parties, realistic target settings, marketing program development and implementation and immediate support provision to the partners. Another way is as mentioned above, listen to the partners feedback and their new ideas and try to implement them. This will result in both giving channel partners a feeling that they are heard and their opinion is important and allow the vendor providing the best support to the distribution channel. Relationship is therefore the important basis for the way of working with the channel and need to be included in the strategic planning of each focus account.

Below is the reflection on the research findings from each of the four categories.

The first category included findings on how to improve new sales growth. From the questionnaire results it was clear that existing information about the competitors and their solution is either not available for some products or outdated. In order to support new sales, partners need to know what competition is offering and how their advan-

tages can be tackled during the sales processes. Therefore, it is critically important to provide up to date information about competitor's solutions and how to position the case company products with this information at hand. This point was also extensively discussed during the discussion café and the interview sessions and partners also pointed out that it would be good to facilitate the knowledge sharing between the partners on how they have handled a specific issue. Additionally, the case company could provide the case studies of how a big customer was won, what was the competition and what was the argumentation which led the customer to choose the case company. Naturally, to increase new sales all products and services should be of a top quality and include all the features which make a product competitive. Another factor, influencing on the new sales growth is the support. End customers need to be sure that if they run into difficulty than the issue can be fixed in a prompt and easy manner.

The second category of findings provides an insight on what needs to be improved in order to help the distributors to hire new resellers. The more resellers there are in the country, the more end customers is reached and the faster business grows in the region. New partner recruitment process needs to be defined and process needs to be facilitated through closer cooperation between the case company and the distributor. For example, if distributor can provide a list of potential resellers, the case company can utilize its communication tools to approach these resellers, introduce the company and pass them on to the distributor. Additionally, partner program needs to be defined for each region. Partner program explains what level of partnership can resellers reach and what benefits are bound to each of these levels. In order to motivate new resellers to start selling new products and services, a special margin can be offered for a specific time period. Moreover, offering security as a service is a new unique concept on the market and is not offered by many vendors. The case company is a pioneer in offering its full portfolio as a service, so it is an additional differentiator factor when hiring new resellers because the case company can position the recruitment process as a search for service partners which draws the attention of the potential partners.

The third category of findings groups partners' feedback regarding the ease of doing business. Ease of doing business includes all feedback regarding the support which distribution channel partners can obtain from the vendor as well as the tools which they can use to support their sales processes. On a general level partners were very

satisfied with how business is done with the case company. Very positive feedback on the strong relationship between the vendor and the partners is a good identifier of this. However, as questionnaire showed, there are some operational level improvements to be done. Communication processes needs improvement. The newsletter and the webinars which are kept monthly were positively rated by the partners; however the communication of new product releases and new features, as well as company general news and security industry news needed additional improvement. On the marketing process there are some changes to be done. Partners need more marketing and sales materials which are not heavy on the content, but at the same time explain the product or service well. For example, one of the ways to do it is moving from the text intensive presentations towards the cartoons, pictures and diagrams which explain how the product works and what it is most suitable for. Marketing programs should also be more region specific as well as campaigns and promotions need more differentiation between the countries. Normally, company would suggest some promotion for a specific product and it is valid for a specific time period. The suggested marketing initiative needs to be adapted for each region separately depending on their market situation. As to the tools provided by the case company, they also need some fine-tuning in order for partners start using it as main source of information. The case company offers it partner a secured web environment called Partner Portal, where partners can find all information they might need such as price lists, lists of their customers, marketing and sales material, product download links and more.

The forth category of the results concerns the service model which was introduced to the partners recently. Full case company product portfolio became available as a service, which means that instead of buying a license for a fixed time period, customer has an option to subscribe for the security service which is hosted by the case company and managed by the resellers who is the main contact for the end customer. This model provides a lot of benefits for both end users and the resellers. For example, end users do not need to worry about their technical problems, which are handled by the external company (the reseller) and do not have to allocate heavy financial resources for a time limited license; at the same time reseller has a possibility to bundle security service with other IT services and have customer subscribed, which means continuous income flow without the expiration date. According to the research results, partners are need more information about this model and it needs to be explained more expli-

city. The idea of service provisioning is understood, but it is not easy to shift from a traditional model to the service model even if the benefits are obvious. It also needs to be explained to the end users. Better materials to explain the model need to be developed – visuals, short cartoons, Web TV channel can be launched to educate the partners on the new model which gives them a competitive advantage, because no other vendor is offering it at the moment. Partner also requested the references and case studies to be provided and suggested that the verticals (one company which has offices all over the world and each country office makes own decision on the purchasing) can be approached first with the help of the vendor.

## **6 Building the Recommendations**

This section of the research presents the proposed model of how marketing and sales support processes in the distribution channel can be improved and recommendations on the specific activities. The model and recommendations are based on the feedback obtained from the distribution partners and specifically on the reflection on these findings which was presented in the previous section. Additionally the best practices described in the theoretical section are used. Based on this feedback a model with three key elements can be proposed: first, concentration on the relationship building and nurturing with the partners and channel in the focus regions; second, re-evaluating the overall marketing process, based on the spherical marketing model; third, improvement of the marketing and sales support materials and tools. Each element and recommendations on the concrete actions is presented below.

### **6.1 Key issues appearing from the data**

The first and most important input which research results provide is a list of findings of what existing deliverables of the sales and marketing processes need improvement. The list of findings basically suggests the immediate actions which need to be taken by the case company to improve the existing processes and materials which are the output of these processes.

The second important finding is the fact that partners have expressed their willingness to work even closer with the case company, by, for example, initiating and implementing the reseller recruitment projects together. The idea of closed cooperation with the channel is also supported by the spherical marketing model which suggests that consideration of all channel members is important for any marketing program or activity planning.

The third significant research finding is the importance of the relationship between the case company and the distribution partners. Therefore, building and nurturing the relationship with the partners needs to be included in the standard processes of the company.



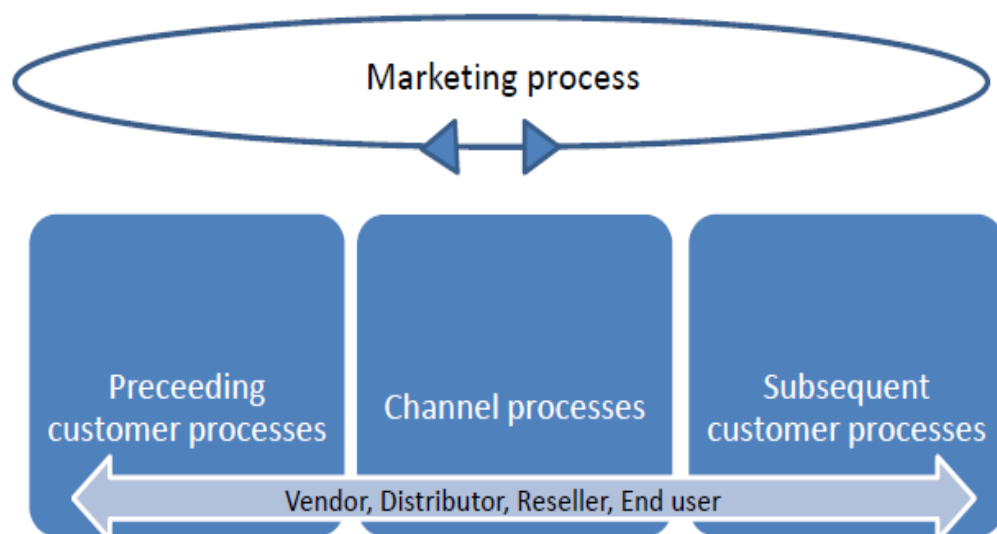
Below sections discuss the recommendations which are based on these most important findings of the study. Recommendations are thus the result of the study, but action research cycle should continue to the diagnosis stage after these recommendations are implemented and processes are therefore improved.

## 6.2 Relationship Building with the Distribution Channel

The research showed that partners value the relationship which they have with the case company. Additionally, those partners who are committed to the vendor show better sales results. Therefore, to improve the process of channel support, it is important to establish a close business relationship with the channel partners. As mentioned in the theoretical part of this study, the relationship requires significant resources, which means that the same practice cannot be applied to all of the partners. Thus, some focus regions with the most potential need to be identified and those partners need to be targeted for the close relationship build and maintenance. In order to focus on these selected regions and grow business there, some company internal and external activities need to take place. Internally, a project team of the sales, marketing and technical specialists can be formed. They create together a plan on what is to be done in the region in during a specific time period (month, quarter, half a year and year), agree on the targets and means of measuring the results and agree on the schedule for the activities. Externally, the project team tries to build a strong relationship with the channel partners (distributors and the resellers). That means, scheduling meeting with the distributor to agree on the action plan for a specific time period, set the targets which both parties commit to, agree on the next meetings schedule, agree on the events to meet the resellers and the plan how relationship can be built with the key resellers, agree on the end customer events and other activities. Both parties need commit to the above mentioned plan and actions and feel that only through this partnership the targets can be reached. The case company should provide its full support and be available to the focus regions partners, because this is what differentiates the case company from the other vendors and what keeps channel committed and motivated to grow business together.

### 6.3 New Marketing Process Model

Spherical marketing model suggests that each participant of the channel should be considered in the marketing plan formulation. That means, that marketing plan developed by the vendor should target the distributors, resellers, any other intermediaries and the end users. It can be that plan is targeted for the distributor, but then all activities included in the plan should also be analyzed from other channel levels point of view, such as how will it influence the resellers and how will a specific action be translated to an end user. Additionally, when marketing activities are planned, the overall process which product or service will be put through needs to be analyzed, not only up to the point when product or service is delivered the customer, but also consider customer experience before the need for product or service is realized and the processes an end user will have to go through after the product or service is obtained, up to the point of the disposal or replacement. Figure 9 below illustrates the spherical marketing model recommended for the case company implementation.



*Figure 9. Illustration of the recommended marketing process.*

The rules of the spherical marketing model described above can be well implemented at the case company in order to improve marketing and sales process. Previous section emphasized the importance of the relationship building with the partners in the focus regions and the fact that good relationship means developing marketing plans and sales activities together with the distributors.

Applying spherical marketing model into the existing processes would mean that the case company in its marketing activity planning would include not only the distributor, but also the resellers and the end users. These activities would have to be developed together with the distributors, however the case company could take a bigger role in suggesting marketing initiatives, campaigns and other channel activities and take a bigger part in the implementing them together with the distributor. These activities could include programs initiated for the new reseller recruitment, organization of the events for the new resellers and development of the partner program, development and implementation of the end user campaigns and increasing the visibility of the brand between the end users and such.

Additionally, analyzing the end customer processes, company could communicate with the key end customers, in order to gain their loyalty, and be able to provide support in a timely manner or share the information about new services which should be interesting to the customers based on their existing product preferences.

Thus, in order to develop existing processes, the following actions need to be performed: (1) marketing and sales activities developed by the HQ should take a broader perspective and target all channel participants or at least consider how a specific activity will influence on the behavior of all members; (2) marketing plans for a specific region should be developed together with the distributor and vendor should take a bigger role in implementing some of the agreed activities at least in the focus regions; (3) end customer processes need to be better understood and used accordingly.

#### 6.4 Improvements of Marketing and Sales Process Deliverables

Research data showed that generally marketing and sales support is provisioned well, however there are some improvements to be done on the materials which are developed. Figure 7 presents full list of findings which need to be improved as well as new ideas suggested by the research participants. These findings were well described in the previous section.

In order to deliver appropriate marketing and sales materials, it is good to establish a process for continuous feedback obtainment. Channel partners feedback will allow to

diversify the material in order to satisfy the needs of different markets, improve the quality of marketing materials (for example, include more visuals instead of text and more technical information rather than sales and marketing pitch), and provide new ideas (like Web TV idea, which was suggested by the partners during the discussion café session). New ideas can also be generated by facilitating internal knowledge sharing session between the marketing managers.

## 6.5 Reflecting on the Research Results

It is important to note that, since action research was implemented, then some of the requests were already allocated to the responsible people and are being implemented. Thus, it is valid to state that the research had an impact on the case organization.

For example, one of the important findings which was emphasized by all the respondents is that competitor information needs to be available to the sales channel and needs to be continually updated. During the internal management meeting this issue was discussed and as a result, the task of collecting the competitor information and its interpretation was allocated to the solution and product managers who will work on the battle cards which present what products and services competition is offering and what is their positioning in comparison to our products.

Another idea, suggested by the partners was around the fact that nowadays people are more receptive of the visual explanation of the product or service and therefore instead of providing text description of something, the case company could develop cartoons, short videos, pictures and diagrams. This is especially important for the shifting towards the service model, which seems to be somewhat difficult for the channel to commit to and start pushing to the end customers. Once again, the idea was presented at the internal management meeting and it was taken as an action point by the marketing manager of the corporate business. As a result, there have been 6 short cartoon videos developed, which explain the service model to the end users and the resellers. The channel feedback on the videos is yet to be seen.

Business growth is done through the recruitment of new resellers. The case company has started to provide its support to the distributor by introducing in some regions new

reseller recruitment program. The idea of the program is that it is managed by the case company through the externally hired call center. After initial communication through mailings and callings is done, interested leads are passed on to the distributor who then organized local meetings, provides training and helps resellers to start selling. Additionally, the case company would organize a local event for the new resellers, where they can meet the case company representatives, ask their questions and kick off new partnership. This approach seems to be more effective than just pushing the distributor to come up with something to establish new contacts. It is a recruitment program which involves both vendor and local partner resources and shows full commitment to the business growth through the relationship and partnership.

Finally, a case study collection project was initiated. Channel partners requested more sales related information to be developed. Under this is meant for example case studies, success stories and references. In the security business, some customers do not want to be used as a reference in order to avoid the disclosure of what security software they are using to protect themselves. However, the reference list and the case studies can still be collected. The idea behind the case study is not only present which customer was won, but also describe the process of how it was done, who were the competitors, what sales argumentation was used, what were the choosing criteria and so on. Sharing this information between the partners from different regions will help them in the sales and especially in the regions where software brand is not recognized it can be of a good help and significant sales argument.

In summary, the following actions were initiated immediately based on the research results and partners feedback:

- Product managers were assigned a new task of providing the competitor information on an ongoing basis
- Marketing department initiated a project with an external advertising company to deliver a set of cartoons, which target distributors, resellers and the end users and explain the Security as a Service model
- External call center was hired to implement the new reseller recruitment projects together with the distributors
- Case study and reference cases collection project has been launched

Thus, the case company started on working on the improvements immediately. Additionally, research results will also be taken into consideration during the next process planning sessions.

## **7 Discussion and Conclusions**

The study showed that there is a number of things which can be done in order to improve the marketing and sales support processes in the regional sales department of corporate business in the case company

### **7.1 Executive Summary**

The research objective set in this Thesis was to find out how these processes can be improved based on the feedback obtained from the channel partners. In regional sales department, which handles regions and countries where the case company does not have a local office, the distribution channel partners are the key to the company's success in a specific region, since all sales and business development is performed by them. Therefore, understanding what motivates the partners and what support needs to be provided to them is important for the business growth.

As a result of the study, it was identified that there are three things to be done in order to improve marketing and sales support processes – build and nurture the relationship with the partners in the focus regions; re-design marketing process in a way that all marketing plans and actions would consider their effect on all channel participants and not only the distributors who are in direct contact with the company; implement the improvements to the marketing materials suggested by the channel partners and facilitate the process which will help to obtain continuous feedback from the channel for the materials improvement.

The research results and conclusions of the study can be generalized to the level of the company. That means that the improved based on the research results marketing materials will be distributed through the company corporate business unit and to all country offices. Same applies to the other outcomes – relationship building and the spherical marketing model implementation, which are to be presented to the marketing managers. Generalization to the level of all distribution channels is also possible to some extent, but it would require careful analysis of the company's industry of operation, regions of operation, and processes alike.

Finally, in order to ensure ongoing improvements of the process the research needs to be repeated after the improvements are implemented and the updated processes are developed. One of the research findings suggests that all participants of the distribution channel should be considered when marketing programs and initiatives are formulated. Therefore, obtaining feedback from the levels below distributor would help to support the channel in the best possible way delivering materials which are most appropriate for the markets.

## 7.2 Managerial Implications

Action research suggests that after the issues to be fixed and processes to be improved are identified, the action should either be taken immediately or included in the planning for the next period. Therefore, involving management at the early stages of the research (for example, diagnosis and planning stages) is beneficial for the next stages, when management involvement is critical for fast moving forward. Research implementation included the qualitative and quantitative data collection sessions as well as internal management meeting where the results of the research were presented. As mentioned earlier, some actions were taken immediately by the managers and some findings were noted to be included in the next planning round.

In order to facilitate continuous process improvement, management involvement is needed at least to the level that they would be aware of what stage of the research the organization is now at and how they can contribute either at the stage or in the future. More specifically, the research showed that feedback is critically important for the development of either materials or processes in general and the best way to obtain this feedback is by collecting the qualitative data through the discussion café and interview sessions. The easiest way to organize this is by hosting yearly partner conferences, which management should include in the annual planning. One of the important findings of the research is that the relationship with the partners is what differentiated the case company from other software vendors and what should be nurtured. The partner conference is an important event for the relationship strengthening and partner motivation. This year, after the event in January, quarter one results showed that the new sales grew forty eight percent comparing to the last year and some re-



gions reached their best result in past five years. Due to this positive result of the event, management asked to present the conference to the whole company at the monthly meeting.

Additionally to the research results which are translated to the concrete organizational actions, the suggestions and recommendations need to be presented to the management. For example, if every country office would have an annual partner conference for the distribution partners, then a good deal of new ideas can be collected. The centralization of this ideas, their further development through the knowledge sharing and brainstorming sessions need to be facilitated by the head quarters team. Also, creation of the case study, reference and competitor upgrades portfolio can be implemented significantly faster if all country offices contribute to the project.

As a summary of managerial implications, research suggests that early involvement of the management is the key to the prompt improvements, which is especially true for the action research. Since action research does not stop at the reflection stage, but moves to the diagnosis of the improved situation, it is important to provide measures of each research round to the management, so that when action from their side is required again, they would be committed to help, because they know what impact on business it will lead to.

### 7.3 Validity and Reliability of the Study

The research was implemented in order to obtain the feedback and new ideas on how marketing and sales support can be improved from the distribution partners of the regional sales, one of the departments in the corporate business unit.

In order to the feedback to be valid and reliable, different research techniques were used and different people were involved in conducting the research. First, research participants were asked to answer the questionnaire, then qualitative data was collected by conducting the discussion café and the interview sessions where different members of the regional sales team were involved in data collection. Data was then interpreted by the team members and reflected on together with the management representative at the internal management meeting. The collected data provided re-

quired input to answer the research question – how marketing and sales support processes can be improved and allowed formulating the recommendations.

More features of reliable and valid research attributed to this study are summarized in Table 5.

Criteria	Reasoning
Rigour	<ol style="list-style-type: none"> <li>1. Questions in the questionnaire and topics of the discussion cafe correspond directly to the research question;</li> <li>2. Questionnaire can be used by someone else for replication;</li> <li>3. More than one data collection method was used;</li> </ol>
Validity	<ol style="list-style-type: none"> <li>1. Collected data is described accurately;</li> <li>2. Other people, than the researcher were involved in data interpretation;</li> <li>3. The perspective of the respondents is well understood and considered;</li> <li>4. The findings is what is needed to answer the research question</li> </ol>
Reliability	<ol style="list-style-type: none"> <li>1. More than one data collection method was used;</li> <li>2. Using different research at the qualitative data collection stage;</li> <li>3. Using different people to interpret the data;</li> </ol>

*Table 5. Research validity and reliability (Quinton & Smallbone. 2006: 127-138)*

As seen from Table 5, different the combination of different actions was used in order to increase the validity and the reliability of the research. This approach helps to obtain more reliable results which can be generalized to some extent.

These results are based on the questionnaire answers and conducted sessions of the discussion café and the interviews. The combination of two methods allowed for increasing the validity and reliability of the data. First, questionnaire helped to identify what are the most critical issues and second, discussion café and the interviews helped to obtain broader explanation of these issues as well as suggestions. Thus, qualitative

data collection is an important part of the research and should be necessarily included in the future researches of a similar nature. It is also important to emphasize, that since the report is based on the action research, after the reflection stage and improvements implementation the diagnosis stage is initiated again and the whole process continues in order to ensure continuous improvement. Research results provide answers to the research question and were formulated in the concrete action and improvement points, some of which were immediately acted upon.

Action research, applied in this study, suggests that as soon as the issues and processes to be improved are identified, the action should either be taken immediately or included in the planning for the next period. Research implementation done in this study included the qualitative and quantitative data collection sessions as well as internal management meeting where the results of the research were presented. As mentioned earlier, some actions were taken immediately by the managers and some findings were noted to be included in the next planning round.

It can, therefore, be concluded that in application of the research process, the conducted study can be considered as valid and reliable. Moreover, some findings and recommendations can be generalized to the level of the business unit and can be presented to other country offices in the company.

Regarding the future development and company-wide research, it can be suggested that the research should include more distributors and the resellers. The feedback from the key customers can be useful in understanding the end customer processes. Based on that, the proposed development which will be received can achieve significant results in the current market. Additionally, company-wide research implementation can be conducted through all of the country offices, which will allow obtaining significant amount of data and ideas. It is then can be possible to generalize the research and its results to the industry level for the software distribution through channels.

After implementation of the suggested improvements, and moving to the diagnosis stage again, some developments in the research model can be added. For example, including not only the distributors but also all the resellers in the research process

would increase the reliability of the data and provide a deeper insight on process development.

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## Questionnaire

### FEEDBACK ON THE CASE COMPANY MARKETING SUPPORT

The next questionnaire includes statements about your cooperation with the case company. We will carefully analyze all answers and use you feedback for further development.

Please answer the following questions by choosing a number (scale explained below) which best reflects your insight / feelings.

First evaluate how much you agree with each of the following statements. Next, estimate how important each of the claims is.

#### Scale (present situation)

1 = Strongly disagree

2 = Disagree

3 = Neither agree nor disagree (try to avoid)

4 = Agree

5 = Strongly Agree

#### Scale (importance and the targeted situation)

1 = Unnecessary

2 = Not important, but pleasant, if this is the case

3 = Useful and desirable

4 = Necessary

5 = Absolutely necessary

No.	Statement	Present situation	Importance, targeted situation
1	I receive enough information about new case company products and features	1 2 3 4 5	1 2 3 4 5
2	I receive enough information about case company general news	1 2 3 4 5	1 2 3 4 5
3	I receive enough information about the availability of supporting materials which are needed to sell the case company products and services	1 2 3 4 5	1 2 3 4 5
4	I know where to find materials (sales presentations, brochures, marketing support materials, visuals, etc) which are needed to sell the case company products and services	1 2 3 4 5	1 2 3 4 5
5	Case company provides enough marketing materials (sales presentations, brochures, marketing support materials, visuals, etc)	1 2 3 4 5	1 2 3 4 5
6	I am satisfied with the quality and diversity of marketing materials available for each case company product / service	1 2 3 4 5	1 2 3 4 5

7	Case company provides enough technical manuals, white papers and datasheets about the products / services	1 2 3 4 5	1 2 3 4 5
8	I am satisfied with the quality of technical manuals, white papers and datasheets about the products / services	1 2 3 4 5	1 2 3 4 5
9	Case company provides interesting promotions , campaigns and special offers for the products and services	1 2 3 4 5	1 2 3 4 5
10	I am satisfied with promotions and campaigns provided by the case company	1 2 3 4 5	1 2 3 4 5
11	Monthly webinars provide useful and interesting information	1 2 3 4 5	1 2 3 4 5
12	I am satisfied with gadgets provided by the case company	1 2 3 4 5	1 2 3 4 5
13	I would prefer to have budget for local gadgets production (instead of ordering from Finland)	1 2 3 4 5	1 2 3 4 5
14	Case company supports me in new reseller recruitments	1 2 3 4 5	1 2 3 4 5
15	Case company provides sufficient information about the competition and feature comparisons of each product against competitors	1 2 3 4 5	1 2 3 4 5
16	I understand case company SaaS portfolio and know how to sell it	1 2 3 4 5	1 2 3 4 5
17	I receive enough trainings and sales support information from the case company	1 2 3 4 5	1 2 3 4 5

**Please answer following questions:**

- 1 What is needed to help you succeed in **Service business**?
  
- 2 Please suggest NEW marketing campaigns and initiatives which would help you increase **new sales**.
  
- 3 Please suggest marketing activities which would help you to recruit **new partners**.
  
- 4 Please suggest what can be done in your region to increase the **renewal rate**.



## Questionnaire Data Analysis

No	Question	Present	Importance	Gap
1	I receive enough information about new case company products and features	3,39	4,71	-1,32
2	I receive enough information about case company general news	3,79	4,29	-0,50
3	I receive enough information about the availability of supporting materials which are needed to sell case company products and services	3,18	4,71	-1,54
4	I know where to find materials (sales presentations, brochures, marketing support materials, visuals, etc) which are needed to sell the case company products and services	4,21	4,61	-0,39
5	The case company provides enough marketing materials (sales presentations, brochures, marketing support materials, visuals, etc)	3,29	4,57	-1,29
6	I am satisfied with the quality and diversity of marketing materials available for each case company product / service	3,43	4,43	-1,00
7	The case company provides enough technical manuals, white papers and datasheets about the products / services	3,46	4,32	-0,86
8	I am satisfied with the quality of technical manuals, white papers and datasheets about the products / services	3,75	4,39	-0,64
9	The case company provides interesting promotions, campaigns and special offers for the products and services	3,71	4,61	-0,89
10	I am satisfied with promotions and campaigns provided by the case company	3,71	4,39	-0,68
11	Monthly webinars provide useful and interesting information	3,82	3,93	-0,11
12	I am satisfied with gadgets provided by the case company	2,25	3,21	-0,96
13	I would prefer to have budget for local gadgets production (instead of ordering from Finland)	2,82	2,79	0,04
14	Case company supports me in new reseller recruitments	3,64	3,82	-0,18
15	Case company provides sufficient information about the competition and feature comparisons of each product against competitors	2,79	4,36	-1,57
16	I understand case company SaaS portfolio and know how to sell it	3,96	4,04	-0,07
17	I receive enough trainings and sales support information from the case company	3,71	4,29	-0,57

## Notes From the Discussion Café

### New sales growth

- Having up-to-date competitor information and the sales arguments based on the comparisons is crucially important
- reference cases of other companies who are using the same products
- Provide Excellent support - post and pre sales
- Have a good product at a decent price
- Roadmap availability
- Receive information of how partners in other regions are selling

### New reseller recruitment

- Reseller recruitment programme needs to be formulated and implemented together
  - Calling campaign to get face to face meetings with potential resellers
- every other IT vendor has a well defined partner programme, so you need to define and finalize yours
- Give presents to new resellers (TV's, IPad's, phones, etc. Like: order worth of 2k€ and get TV for free!)
- High discounts to start with
- PSB licenses for internal usage

### Ease of doing business

- the partner portal structure needs to be improved and some feature of it need to be fixed
- campaigns and promotions
  - need to be valid for a longer period
  - Unions: campaigns for the whole branch
  - Mail + follow with a phone call
  - Include vouchers
- Launch materials and press releases to be provided in advance
- Differentiate campaigns by region

### Service model

- Needs to be explained and repeated more
- It is easier to explain to the resellers or customer the concept by showing the diagram rather than the descriptive text or a short movie / cartoon presenting the idea
- Give examples of how other countries are selling services
- Go after verticals - more focused message
- Reseller has more control, customer can concentrate on own business
- Reseller to package (one stop shop) more solutions together (not just PSB)