

SUCCESS THROUGH CROSS-MARKETING



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Cross-marketing requires a frame of mind in which every sale or transaction is regarded as the beginning of a new sales opportunity rather than the culmination of an old one. Muhamed Muneer C P, offers a six-point strategy for a successful cross-marketing programme.

“Last Action Hero” was one Hollywood movie that has many firsts to its credit. A Japanese giant used this movie’s pre-production meeting for successfully cross-marketing its range of products. None other than the leading star of the movie, Arnold Schwarzenegger, pitched in for selling the idea. The movie, produced by Columbia, a Sony subsidiary, used Sony’s best-selling musicians for its sound track. Sony produced four prints of the movie using a new digital sound system which is being marketed to theatres world-wide. The film’s young hero listened to music from Sony artists on a Sony Mini Disc Player. The script also called for Schwarzenegger’s character to place a call on a Sony cellular phone. A variety of products were thus being tied in at a price from the different group companies that make them—A very good attempt indeed at cross-marketing!

Such cross-marketing of additional products or product lines to existing or inactive

customers offers benefits to both the buyer and the seller. The buyer uses time more efficiently by dealing with fewer vendors and by working with someone who is already familiar with the needs of the company.

The marketeer, who probably would have spent a good deal of time and money developing additional business outside, can instead concentrate on the following servicing the account, nurturing the relationship, and finding new opportunities to expand business with current customers.

In fact, the marketeer who first identifies a client's need before the client begins "shopping" pre-empts the competition and develops a competitive edge. As a result, they have a better chance of being in the enviable position of a "sole source". In this situation, the marketer does not have to undergo the discount route unduly, thus allowing the company to maintain full profit margins.

Opportunities for cross-marketing must be exploited deliberately, as a matter of policy. To be effective, cross-marketing not only needs management support and a workable structure, it also requires a frame of mind in which every sale or transaction is regarded as the beginning of a new sales opportunity rather than the culmination of an old one. The essence of cross-marketing is building and leveraging long-term relationships.

Effective cross-marketing deters competition preventing competitors from getting their feet in the door and also by further augmenting the relationship, it enables the marketeer to forecast sales better, adding a stability to the company that is not available when riding the ups and downs of developing new accounts.

How does a company set up a successful cross-marketing programme? It must include the following six basic elements: Management philosophy, personal qualities, ability to identify new opportunities, incentives, information systems, and internal and external communications.

Management Philosophy: Top management, of course, must stress cross-marketing as a high-priority item. To do that, management should be included in both the planning and execution of a programme. It must be deeply concerned with satisfying the company's current clients and value the company's long-term position in the market-place more than its short-term results.

Cross-marketing flourishes most in a company that is market-driven, one that

bases its products and services on the needs of its customers, rather than trying to force-feed products that it has on hand. This kind of company invests significantly in R&D as well as market research and customer support. It recruits new employees selectively and devotes adequate resources to their training and development. Multi-national companies like Unilever and Procter Gamble do this consistently.

A company that successfully cross-markets inspires an esprit de corps among its employees. Communication barriers are broken through to encourage employees to network. To minimise turnover, which destroys the bond built between the supplier and the buyer, the company must emphasise everyone's importance, playing up team-work and diminishing the "star" system. In addition, an "everybody sells" philosophy should be reinforced from the CEO onwards down to everyone within the organisation.

Personal Qualities: There is one thing no competitor in the world can offer your clients yourself. An individual's and his company's qualities are the characteristics on which client relationships are built. A successful cross-marketing effort is predicted upon one's ability to establish credibility and a lasting relationship with one's accounts.

Customers buy more than the product or service; they buy the seller's interest and attention to their needs. They also buy the seller's reliability in delivering a quality product on time at a set price.

Clients value integrity in business relationships. They are favourably impressed, for instance, when a marketeer refuses to sell them an item the marketeer believes is not in the customer's best interest. They appreciate one who admits a product might not change the course of mankind and one who is not afraid to say, "I don't know, but I'll find out"- and does.

They like a sales person who does not make promises the company can't keep, who makes good when there's a problem, who describes the benefits of the company's products without denigrating those of the competitor's, and who doesn't try to oversell. Successful companies also make sure employees are given sufficient time on a regular basis to deepen their knowledge about the products they sell and remain up-to-date in their fields. They understand applications as well as theory and are able to see the broad picture beyond their own particular area of expertise.

In addition, simple as it seems, personal quality means paying attention to such

details as promptly responding to phone calls and correspondence, being prompt at meetings, and assuring that one's company has an accurate billing system. If you read Harvey Mackay's best sellers you would know why he has become what he is today.

Ability to Identify New Opportunities: Short-term relationships that are built on the one-shot sell will only resolve today's immediate problems. Long-term relationships have a solid foundation of understanding the client's organisation and recognising its ongoing needs. It is not necessary for every individual to be an expert in every area. What is important is for employees to be trained in identifying opportunities, to be able to discuss services, and to return to the organisation to call in the expert reinforcement troops.

The astute cross-marketeer offers solutions to business problems, not just products. That person is more of a consultant than an order-taker. This approach yields new opportunities to promote a greater range of problem-solving products or services. For instance, if you are in electronics and you want to add value to a car manufacturer, then it could be done through your knowledge of automobile electronics systems rather than from the systems themselves. If you are a chemicals processor, you can add value from helping your customers save money by applying your chemicals rather than from the chemicals themselves.

This is being experienced by many companies world-wide. Nalco, the global chemical giant, found out recently that their margins really come not from their high-margin speciality chemicals, but from their "Strike Forces" that help customers prevent equipment corrosion in their manufacturing processes by proper use of the chemicals.

By concentrating on the customer's entire operation, rather than a single department, there is more opportunity to deal with those higher up who have a broader perspective. And it is as important to be known by a number of client executives as to know them. This permits the company to be informed about the marketer's entire range of products and each product's use and value. It also helps to overcome the danger of a customer saying, "I didn't know you provided that service; so I went to someone else". This sometimes happens because the marketeer was focussing on a single opportunity and never felt comfortable returning to discuss the general capabilities of the organisation.

In cross-marketing, one has to manage current relationships while constantly

seeking new opportunities to exploit. The by-word should be, "When you succeed the first time, sell and sell again." One can cross-market horizontally (ie., offering a similar product or service to another department) or vertically (ie., offering it to those above or below in the same department). The circle widens as one sells to a company's other locations or unrelated divisions, subsidiaries, or areas that might have similar needs. The Sony example cited at the beginning, proves this wider circle point. Now, their archrival Matsushita is following suit.

Incentives: No effort is effective without offering the proper incentive to carry it out. For cross-marketing to become part of the corporate culture, it has to be encouraged both internally and externally. The company has to motivate employees in their dealings with current clients to create leads for other parts of the firm and promote the entire line.

There are a number of ways to reinforce a cross-marketing philosophy such as establishing role models, including senior management. Another method of reinforcing the philosophy is by creating special sales incentive programmes, in which cross-marketing is especially rewarded-recognising cross-marketing success with a simple "Thank You" note, a wall plaque, recognition in front of peers, or a bonus award. People like to know their efforts are appreciated. This assumes that information systems currently exist to differentiate between effective and haphazard performance.

Just as employees can be encouraged to cross-market, customers can be motivated to purchase multiple products or services. Offer them discounts for buying a variety of items or for a length of time as a steady customer. The recent surge of co-branded credit cards is yet another attempt to motivate customers. Communications with long-term customers should stress on the knowledge and experience accumulated over the years as well as the savings they accrue by not having to start new relationships.

Information Systems: Without timely, accurate, manageable information, one is working in the dark. With good information, one can be confident in what one recommends. For instance, there is less chance of mistaking a well-established customer for a first time client. Making use of solid information prevents having to ask, "In what areas are we currently doing business with you?"

Instant, accurate information is no longer a luxury; it is vital in today's competitive

business environment. Today, many companies offer competitive and industry intelligence, reinforcing this fact. One has to know all there is to know about one's customers, and their buying patterns, down to such details as to who the customers are, where they are located, when and why they buy, what product the company has sold to them, what impact a price change or a new product will have on them, and who is eligible for discount pricing.

Internal and External Communications: Communication is essential to a cross-marketing programme. Current and inactive accounts, as well as the employees, must be apprised of the full-range of capabilities that the company offers. This includes its latest product announcements, new service applications and recent successes. A leading UAE-based conglomerate did not realise until recently that their hundreds of dealers and retailers could also be the users for some of their office equipment and other products. Dealers were never apprised of the many products and their features by the company.

The message has to be easily understood, addressing the prospect's real needs and using familiar terms. Too often, a message is delivered with a big initial splash, only to fade away six months later. To gain impact, it is necessary to reinforce it to the same market several times using different marketing vehicles such as capability presentation, quarterly account- review meetings, news letters, promotional literature, or VIP trips.

The marketing campaign should be coordinated to prevent bombarding prospects with mixed, confusing messages. Materials targeted to the same audience must mesh to reinforce a common theme.

One cannot work on just one or two of these requirements. All are important, and all work together like parts of a symphony or chestra. Above all, successful cross-marketing requires the proper mind-set so that every individual in the organisation is on the alert for promising opportunities.

Cross-marketing pays off. A company can multiply its income and profits better by exploring new opportunities with current customers than by dividing its efforts searching for new customers. It is such simple arithmetic.