VAR Viewpoint

RESELLER ISSUES IN OPEN SYSTEMS

VARs and marketers should work together to develop effective Internet strategies.

Internet Promotion: Not Just Advertising

The Internet is changing from a sophisticated computer network to a public medium. Following their use of other public media—television, radio, and print—businesses are increasingly using the Internet to communicate with customers and reach out to prospects.

This activity—known to marketers as *promotion*—is relatively new to the Internet. But like many other things associated with the Internet, promotional activities appear to be growing rapidly. The Internet's advertising revenues, pegged at almost $40 million in 1995, are projected to exceed $2 billion annually by the decade's end. Dollar estimates for other Internet-based promotional activities are hard to come by, but my guess is that their implementation costs equal or exceed those of Internet advertising. In a recent poll of U.S. companies, 38 percent said that they had an Internet presence and an equal number expected to have one within two years.

While $40 million pales in comparison to the $37 billion in advertising revenues that drive today's television industry, advertising is just one facet of current Internet promotion. It is likely that eventually the Internet will develop new forms of promotion not obviously predicted by the traditional media and their promotions.

Are there opportunities in Internet promotion for VARs? There most certainly are, but they may not be lurking in the usual places. The IS department—the traditional target for VARs in corporate America—may not be where the action is when it comes to Internet promotions.

The interactive marketing columnist for a national consumer marketing magazine recently cautioned readers about involving their IS group in Internet marketing. His line of reasoning may be questionable, but it's important to know what kinds of advice marketers are getting. The columnist concluded that, when promoting business over the Internet, marketers should seek an "outside provider."

I am not surprised that the columnist, coming from the marketing community, sees Internet promotion as something that corporate marketing departments can handle directly with outside vendors. Marketing departments do that all the time with other media. Consumer-oriented television commercials, print ads, direct mail, and other promotions are rarely executed in-house. Corporations are spinning off their in-house teleproduction facilities and art departments even as they spend more money on similar outside services.

Meanwhile, the Internet promotions business is emerging, and the market is being educated. What actions can VARs take to ensure that they participate as outside providers?

A Course of Action

First, VARs need to understand the marketing profession and the key players in their community or industry. Who are the agencies that plan and oversee advertising and other promotions for VARs' customers? Which agencies are looking for an edge when pitching the next client? What are the current marketing hot buttons for target industries and customers?

Calling on marketing managers requires a considerably different approach than calling on IS managers. What kind of salesperson and sales presentation will capture their interest? What new people should a VAR bring onto the team—as employees, contractors, or venture partners—to exploit the opportunities? In short, VARs need a good mechanism to sort through a host of new market questions and to develop the required skills.

Second, VARs need to ally themselves with the key agencies serving the VARs' customers and industries. For example, a professional colleague of mine last fall joined a large promotions company whose clients possess strong national brands. As vice president of new media, his charter is to develop nontraditional promotional opportunities for company clients. When I met with him shortly after his appointment, I asked if he was deluged with Internet-capable resellers eager to educate him and his company. After all, his move and new position had been featured in all the local business publications.

I was surprised when he said that he was not. Printers, teleproduction facilities, photo processing labs, and other traditional media providers all establish working

relationships with the agencies that bundle their products and services into promotional campaigns for the agencies' customers. VARs providing Internet products and services can do the same and position themselves as professional implementors in their chosen medium.

Third, VARs should carefully establish relationships within their corporate customer base beyond the IS departments. The VAR salesperson who only calls on the IS department of the corporate client may be missing outsourcing opportunities in other departments. That salesperson should not stop with the marketing department; every corporate department is a potential customer. Investor relations and human resources departments are already using the Internet in many companies. And rather than view the Internet as a computer networking issue, these departments use it as a corporate communications medium.

VARs should be careful not to get caught in a tug-of-war between MIS and other departments as corporations resolve the network-versus-medium argument about the Internet. Professional VAR salespeople should be able to cultivate relationships with these departments while maintaining their traditional ties to IS. In the best case, skillful VARs can become the focal point for all sorts of innovative interdepartmental cooperation.

Internet promotion seems worlds apart from traditional MIS activities. Taking such a step will appear at first to be a big leap for Unix VARs, but that's to be expected. It is the nature of the Internet to force everyone involved into new ways of doing business.

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