

IBM drops advertising for product flyers

Friday, 17 October, 2003

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IBM wants to boost the percentage of its software and Intel-based hardware sales through resellers to 80%.

The company announced this aim in its latest annual report.

Local marketing manager Tim Honeybone estimates the current figures are around 50% for software and 60% for hardware. Accordingly, Big Blue's marketing effort has become more focused on driving sales directly to the channel, he says.

Although two years ago IBM New Zealand was told it couldn't do any advertising, those marketing funds weren't taken away, says Honeybone.

Instead they were reallocated to "below-the-line" marketing, such as 300,000 newspaper inserts and post office-box drops in various regions twice a quarter.

And while formerly these brochures would have directed prospective buyers to the IBM website or 0800 number, they now carry contact details for the area's resellers. IBM also gives resellers plain copies that they can send out to customers.

Honeybone says it seems to be working, and revenue through the channel is increasing. "I think we're doing an improved job and, according to IDC figures, PC sales are up year-on-year," he says.

In the software space IBM is doing more joint marketing campaigns with resellers, such as roadshows and seminars.

"We'll do the demand generation, handle the invites, get the venue and brand it for [resellers], while they might provide the guest speaker. Every couple of weeks we're working with a partner in some way."

He gives the example of an upcoming software solutions showcase where IBM will showcase the applications of partners such as Gen-i, Certus and Convergence.

But at least one software partner believes the below-the-line approach isn't enough and wants to see IBM get back into raising brand awareness.

Ken Fairgray of Auckland-based Lotus developer Crossware says while the software partners are chasing a slice of the same pie, IBM should be increasing the size of the pie by getting users to switch from Microsoft to Lotus.

"IBM has declared that it wants 80% of what it sells to go through business partners, which is fantastic. Parallel with that, it wants business partners to do more marketing and is contributing to campaigns," Fairgray says.

"However, as an overall strategy it's flawed because the only organisation that can send a cohesive message to the marketplace is IBM."

Fairgray says when Microsoft ends support for Exchange 5.5 in December, leaving no direct

migration path, there will never be a better time to move to Lotus.

“Partners can tell the market but it takes a giant to take on a giant. To me, it’s about education and showing people hard data, and IBM has an enormous amount of data about the cost and benefits of switching. I think IBM has its strategy wrong.”

While software partners have been increasing the amount of marketing they do — for example, both Integral and Crossware have started sending newsletters to customers — Fairgray says they have limited marketing budgets and they have their own skills to market.

“In terms of convincing people to convert to Lotus, that’s not something IBM should delegate to partners. It’s too big a task and the credibility of IBM is important.

“I think they should build and create awareness, educate the market at a strategic level, and then the business partners are in a position where they can do the implementation.”

Honeybone says he is about to do a survey of the brand’s health, but IBM is the third most valuable brand in the world following Coca Cola and Microsoft.