



# Messages that Matter

## Positioning Experts in B2B Software Marketing

### **What Are Your Competitors Telling You?** **A case study - SAP's new advertising campaign** **By Lawson Abinanti, Messages that Matter**

#### **Overview**

You need to pay close attention to your competitors' marketing campaigns, and not just to stay on top of their positioning strategies. If you detect a change, it signals the need to thoroughly re-evaluate the competitor and how the change may affect you. It could indicate a management change at your competitor, a new company strategy, a change in target market, pressure from other competitors, or other factors. SAP's new marketing campaign is a text book example of what a change can mean whether you're a competitor, a prospective buyer or a business-to-business (B2B) marketing professional.

Your competitors in business-to-business software, like most companies, will go to almost any lengths to guard their marketing communications strategies. But sooner or later they've got to go public. They run ads, revamp their web sites, change their presentations and sales pitches. They're giving you a signal. Are you tuned in to receive it?

It's critical that you stay on top of your competitors' marketing communication for two reasons. First and foremost, this is the only way you can determine how they are positioning their company and its products, and whether your own positioning strategy is unique. Also of critical importance is that a new marketing message is a signal that something might be changing in your competitor's camp.

#### **What Is SAP Telling Its Competitors?**

Let's use SAP's massive new marketing campaign as an example. In print and television ads, SAP now claims that companies that "run SAP are 32% more profitable than those that don't." Of course, there's a qualifier. A tiny footnote in the ads running in major business and information technology (IT) publications says that the claim is based on an "analysis of publicly available fiscal results of all non-financial companies listed on NASDAQ and NYSE." As you can see, it's important for competitors and buyers to read footnotes, disclaimers, or any other qualifier.

Prior to this current campaign, SAP's primary message to the market was that the leader in enterprise resource planning (ERP) software can meet the needs of any size company, whether very big, very small, or anywhere in between. SAP spent about a year and heaven knows how much money on a well-executed ad campaign based on the claim that SAP software is designed to meet the needs of literally every industry, and every size company. That's why SAP makes more than one kind of software, the ads proclaimed, "...We have an SAP solution for you - and it's grounded in our years of working with the best-run businesses in your industry. Because we know business fundamentals. And we know what makes your business fundamentally different. And so does our software..."

#### **Look Beyond SAP's Marketing**

Today, a vestige of that claim is tucked into the current ad copy, shrunk down to a reference to "businesses of all sizes." Could it be that business and IT people familiar with SAP found it hard to believe the claim? After all, the word on the street is that SAP software - used by many of the largest companies in the world - is extremely complex, difficult to install, and very, very expensive. Hmmm. What does it mean to you when a company like SAP tries to expand its market and change its message to the market?

You may have to look beyond SAP's marketing communications. In this case, you would notice some interesting developments in the way SAP sells its products. Over the last two years, SAP has been recruiting VARs (value added resellers) for its new mid-market product, Business One. Obviously, the marketing message strategy was in support of this effort. Then, just before SAP unleashed its new profitability campaign, an article in the October 31 issue of CRN magazine, the largest publication targeted at the Solution Provider community, reported that several SAP VARs were dropping Business One.

Again, paying attention pays dividends.

### **A Little Investigative Work Goes a Long Way**

SAP's new campaign made me wonder if the company is already giving up on its mid-market strategy or at least de-emphasizing it. Did SAP find it too difficult to overcome the market's perception of the giant international company? Or perhaps SAP discovered that the appeal to small and medium businesses was hurting what is, I am sure, a very profitable enterprise business.

A quick visit to the SAP Web site tells you that SAP is definitely not giving up on the pitch that it has solutions for any size business.

So what is going on at SAP? As outsiders, we cannot be certain, but my guess is that once SAP had some compelling numbers to weave into a claim, it decided to apply them across the board - enterprise, mid-market and small business. Indeed, SAP's TV and Internet ads claim that any size business can get a big payback by implementing an SAP solution. And, after all, who reads the footnotes and qualifiers?

### **SAP's Gift To Its Competitors**

Well, if you read them, you'll see that the new message to the market is not actually all-inclusive. It's actually exclusionary, since it's based on facts that apply only to non-financial public companies on the NYSE and NASDAQ. If this gap is not immediately obvious to most buyers, no doubt SAP's competitors (**Microsoft Business Solutions, Sage and Oracle**) will bring it to their attention, and use it against SAP. If your company markets software to financial businesses or others that fall outside the scope of SAP's claim, you've just been handed an opportunity.

It's obvious to me that SAP is still casting a very wide net, so I doubt that SAP is not changing its mid-market strategy. It must be up to something else; but what? Sorry, I don't know for sure. But if I were a competitor, I'd want to gather all the evidence I can to form an educated opinion, right now. Then, I'd pay close attention to what develops. As I said, sooner or later, marketing position and message strategies have to go public.

### **What A New Marketing Campaign Is Telling You**

For a marketer, this is a classic example of why it's important to pay close attention to your competitors' marketing campaigns, and not just when you're going through a positioning process. When the message to the market changes, it tells you something. For example:

- New management wants to assert itself
- A new strategy is evolving
- The company is targeting a new market
- The old marketing message was not working
- Competitive pressures are taking their toll
- The VARs are getting restless
- New sales tactics are being implemented
- New research provided new marketing ammunition

### **Summary**

Once you have determined how your competitors are positioned, you need to remain vigilant. Continue to monitor on a regular basis to their marketing campaigns, Web site content and press releases. If you detect a change, it signals the need to thoroughly re-evaluate the competitor and how the change affects your marketing and sales. It could be a clue that will help you compete more effectively, and stay one step ahead of the competition.

*About the author: Lawson Abinanti is co-founder of Messages that Matter, a consulting firm that helps B2B software companies create compelling message strategies that build awareness and demand. Messages that Matter gives clients the knowledge and tools to develop powerful message strategies that differentiate products and services from those of the competition. Lawson has held strategic marketing positions with several B2B software companies including Navision, Applix, TM1 Software and Timeline. He can be reached at [lawson@messagethatmatter.com](mailto:lawson@messagethatmatter.com).*