

# Sales & Marketing eBulletin

*A quarterly eBulletin from the people who bring you the  
Sales & Marketing Executive MindXchange*

*June 2008 Vol1/Issue 3*

## Building a Brand in the Industrial Market – the 9 Ps for Success

*“Products are what companies make; what customers buy is a brand”*

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### Introduction

Branding has traditionally been viewed as the exclusive domain of consumer companies. There is always the talk of Coke Cola and McDonald's brands and the value of those brands. While some industrial companies have built powerful brands (GE, Rolls Royce etc), they gained those brand advantages partly because of their long-established consumer products (appliances, cars).

By all accounts, branding is crucial not only to win in competitive marketplaces but also to win the heart and souls of customers. No customer, to anyone's knowledge, will buy a product from a company who may not be around in the long-term, except maybe bargain hunters.

Research by the CoreBrand company shows that the average impact of corporate brands on stock performance is 5-7% and potentially far greater, depending on the industry and the individual company. Having a powerful brand ensures a company's long-term viability, not necessarily its profitability. Many companies have had wonderful brands but have failed miserably in the marketplace. Digital Equipment Corporation, US Steel, ITT are just a few former giants who failed. Why? While these companies thought they had built a powerful brand, their brands were not based on what I'll describe in this chapter as successful attributes of industrial markets. Then there are companies whose profitability is always in doubt but their brands are so powerful they seem to always weather the storm. Cummins and Honeywell have built their brands on industrial attributes and are surviving, in spite of competition.

In this chapter, I'll examine the key attributes for success in industrial branding. I'll also discuss the key differences between consumer and industrial branding in the context of:

- Where industrial companies should emphasis on the Miller-Heiman Buy-Sell hierarchy;
- Benefits perceived;
- Analysis of purchased prices versus total cost of ownership; and
- The shared role of the corporate and product brands.

This chapter's premise is that winning in consumer markets relies on the 4 classical Ps of marketing – product, price, promotion and place. Consumer companies like P&G and Unilever have enhanced their brands by placing heavy emphasis on the 3rd P – promotion.

To build a successful brand in industrial markets, the 4 Ps are not sufficient because most OEMs care very little about promotions. There are 4 more critical Ps that come into play – positioning, packaging, people and partnerships. Finally, a critical 9th P – prioritizing – is needed to make sure you can focus on the few things each individual customer cares about.

I'll end this chapter with a case study on the Eaton Roadranger – a brand that has been successfully built in the truck industry since 1998. In the first 5 years Roadranger came into being, our market share has gone up substantially

### Key Attributes in Consumer Branding

Many books that have been written on branding have in-depth theses on this subject. So, I'll summarize my thoughts. Building consumer brands places emphasis on the classical 4 Ps of marketing – product, place, price and promotion, with promotion the

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key lever to create awareness, interest and desire for the product.

The brand identifies the product and reveals what makes it different from others. What is the product? What is its name? How different is it from others? The price measures the monetary value of the product. How much does it cost? Promotion is based on the functional attributes of the product. What does it do? Place tells you where to buy the product. From a store, dealer, distributor, over the telephone or on the Internet.

“Brand X toothpaste makes your teeth whiter and gives you less cavities.”

As shown in Figure #1, the classic product-brand strategy is simple:



Figure #1: Classic Product-Brand Strategy

Consumer branding is only the tip of the iceberg.

At Eaton, we are using the same concept to build a consumer brand for our new product – HomeHeartbeat™. HomeHeartbeat™ is a low-bandwidth, machine-to-machine platform that defines the market for scalable, add-on device monitoring in the home. We have invested not only in the product but have planned an aggressive promotion to get the word out on the product. The packaging is different from your typical Eaton package – it is bold, bright and conveys a peace of mind posture. This is what Harbor Research had to say about this product:

“HomeHeartbeat™ enables consumers to add simple, unobtrusive remote monitoring to ordinary household devices and systems. It treats all homeowner concerns – from comfort and convenience to safety and security – as a single problem that can be addressed by a single, scalable solution.”

The key challenge for Eaton right now is how to build a successful brand in the consumer market. Did you know that Golf Pride, the grip of choice among professional golfers, is an Eaton product? I did not think so.

## Key Attributes in Industrial Branding

What Eaton has noticed is that building industrial brands, albeit similar in flavor to building consumer brands, is very different in content and execution. At Eaton, we have developed a systematic process for understanding the key attributes in industrial branding. This process has been incorporated into the Eaton Business System.



Eaton's HomeHeartBeat™ base station with key fob system monitor docked onto it

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## Emphasis on the Buy-Sell hierarchy

In industrial branding, the Miller-Heiman Buy-Sell hierarchy emphasis, shown in Figure #2, is different. At the bottom of the matrix, your organization is meeting specifications and selling commodities and you lack control over the account. At the top of the hierarchy, your organization contributes to the customer's organizational efficiency. At this level, your organization is differentiated from the competition and you are in the greatest position to develop long-term relationships with the customer.

Figure #2: Miller-Heiman's Buy-Sell Hierarchy

Our aim to enhance our brand goes well beyond being perceived as selling product and services. We try our best, not always successfully, to move up the hierarchy to be a business partner.

A successful example is our partnership with General Motors on the G80 option in an event called "Truck Show in Motion". Buyers of GMAC trucks have the option of purchasing a locking differential device called G80. We have successfully developed a joint marketing effort and invite consumers to an event where they get to drive a General Motors truck with our locking differential and a competitive product without a locking differential through a muddy, sandy, bumpy obstacle course. In almost all cases, the truck without the locking differential gets stuck and has to be towed. The GM truck with the Eaton locking differential may get stuck but with the push of a button the driver gets out of the ditch without any effort. Survey results shown in Figure #3 indicate the collaboration has been a success.

Figure #3: Truck Show In Motion Survey Results

The result: installation rate of the G80 option has steadily increased over the years that we have had the joint effort. Another win-win-win -- for the consumer, for General Motors and of course for Eaton. Our relationship with the GMAC group in this particular area is close to the top of the hierarchy.

## Types of Benefits

Industrial brands involve more than the 4 Ps and the functional benefits consumers see. The equation for customer benefits shifts from form and function of the product to a comprehensive hybrid benefit types (functional, process and relationship) depending on the customer. As shown in Table #1, we estimate the following, based on internal analysis:

| Market       |        | Consumer | Industrial |
|--------------|--------|----------|------------|
| Benefit type |        |          |            |
| Functional   |        | 70-80%   | 25-30%     |
| Process      | 10-15% |          | 45-55%     |
| Relationship |        | 5-20%    | 15-30%     |
| Total        |        | 100%     | 100%       |

Table #1: Distribution of Benefit Types Based on Market

(Side bar on the 3 benefits)

Functional benefits – relates to the form and function of an offering. May include, but not limited to:



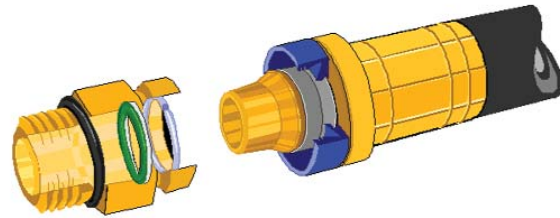
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- Size and dimension
- Product performance
- Service performance

For the example, the Eaton Snap-to-Connect (STC), a high-pressure, thread-less, tool-less, leak-proof connector, replaces a threaded connection system and eliminates torque required with threaded assemblies. Eliminating torque improves connection reliability.



Process benefits – improve the customer’s business processes. May include, but not limited to:

- On time delivery
- Response time
- Inventory reduction
- Increased throughput

The Eaton STC takes less time to assemble than threaded connection systems. This accelerates production and increases throughput.

Relationship benefits are those that improve the working partnership between the customer and supplier. Relationship benefits may include:

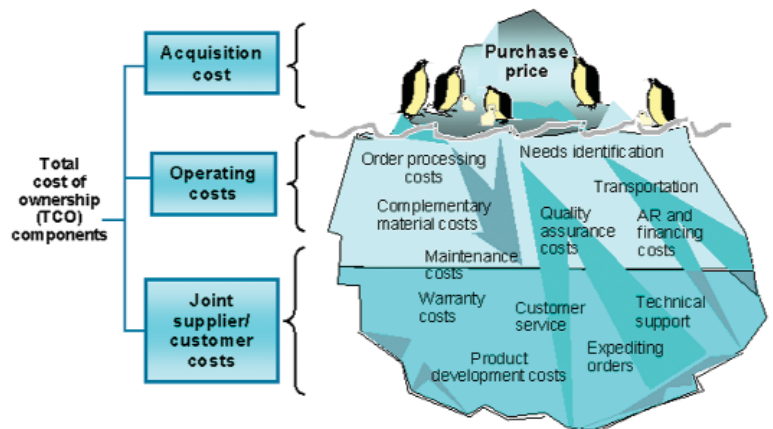
- Long-term business relationships
- Sales representative relationships
- Technical support
- Customer service support
- Brand name recognition

When developing the STC product, the Eaton Hydraulics group involved many customers in the Quality Functional Deployment process of PROLaunch. By working with customers to understand their needs, Eaton provided customers a relationship benefit. These relationships are likely to be leveraged in the future when any of these customers is in need of a valuable problem solving resource.

## Purchased Price and Cost of Ownership

To help build our brand, we have focused our energies beyond our customers’ upfront economics (acquisition costs) to what really matters to them – the underpinning of the iceberg – operating costs and joint supplier/customer costs. Refer to Figure #4. To win, we have developed a systematic approach of quantification of our offering’s total value and captured that process in the Eaton Business System.

Figure #4: Customer’s Total Cost of Ownership



The purchase price is based on the value the customer believes our offerings provide them. Do our offerings add value to their products? Are our offerings competitive and distinct from our competitors?

The operating cost piece of the equation evaluates what costs the customer incurs as they use our products.

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What is our estimate of the cost of processing our orders? Transportation costs? Complementary material costs? Defects of our products? Re-work and handling costs? How cumbersome is our accounts receivable? Maintenance costs? How well do we understand their issues and develop products that meet those needs?

The key is to look for ways to decrease customer costs. To minimize customer costs in maintenance and service, we make sure our offering has lower repair frequency, less replacement, uses less labor, few consumables and less downtime.

The Eaton Truck Group in Valinhos, Brazil is the supplier of medium-duty transmissions to a major OEM. This OEM customer gave Eaton their own clutch housing drawings and asked us to quote as a lose part in addition to the transmissions. We decided not to provide the clutch housings and the transmissions separately because we knew how the customer used our product. Instead our Truck Group proposed a solution that encompassed more than our current offering to this OEM that enhanced their solution. They decreased their overall operating costs using our new solution offering and we were able to increase our market basket to the customer.

This created a three-way win – a win for the customer, a win for consumers who purchased the end product and a win for Eaton. This elevated our brand image to a new high with the OEM.

The next step is quantification of our joint costs. What is our warranty cost? Technical support? Do they get immediate answers to their questions or they have to go through an endless loop of “Press 1 for X, Press 2 for Y” and after thirty iterations, “Press 30 for the Operator”?

## Corporate and Product Brand

Also in industrial branding, the shared role of the corporate and product brands change. In consumer branding, the emphasis is on product brand (see diagram). Most people do not know who makes Crest, Speed Stick, Dove, Vaseline or Pampers. They should not. What they care about are the products. Rightfully so, the manufacturers advertise these brands with little fanfare or little mention of the corporate owners of the product.

“Improved Pampers Baby-Dry – Inspired by babies, created by Pampers”

In industrial branding, equal footing is given to both the product and corporate brands. See Table #2 below.

| Target      | Consumer Markets* |           | Industrial Markets |           |
|-------------|-------------------|-----------|--------------------|-----------|
|             | Product           | Corporate | Product            | Corporate |
| Customer    | +++++             | +         | +++++              | +++++     |
| Trade       | ++++              | +         | ++++               | ++        |
| Employees   | +++               | ++        | +++                | +++       |
| Suppliers   | +++               | +++       | ++++               | ++++      |
| Wall Street | +                 | +++++     | +                  | +++++     |

Table #2: Shared Roles of the Corporate and Product Brand

(\*Adapted from Kapferer, “Strategic Brand Management)

Eaton has acquired several companies in the last twenty years – Aeroquip Vickers, Westinghouse’s Electrical business, Powerware, Airflex, and Golf Grip among others. In each of these instances, we have chosen not to discard the brand names (e.g. MEM, BILL, Golf Pride, Vickers) of the acquired products but to enhance them. Hence, one can go to a tradeshow and see the “Eaton Aeroquip” or “Eaton Cutler Hummer” products. Why? We believe our industrial customers need to be comfortable with a product they have grown to love. Additionally, we need to stress to our customers that Eaton is behind these products and our reputation will be brought to bear to make sure we meet their needs both in the short and long term.

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## So What Are the Key Attributes in Building Successful Industrial Brands?

While in all branding, the 4Ps are important, in industrial branding additional attributes are needed for success. The levers we use to build our brand encompasses additional attributes – positioning, packaging, people and partnerships and a critical ninth “P”.

### What is Positioning? Establishing Distinctiveness of the Offering

Positioning is the presentation of an offering so that the customer can distinguish it from competition as being capable of satisfying an unfilled need. In other ways, positioning is the way you clarify the distinctiveness of your offering. What makes our offering not necessarily better but distinct? An offering could be better but not necessarily distinctive. Let’s use a PC example. Most experts will tell you a Sony Vaio is a better product than Dell Latitude. But who sells more and why? Dell, of course and because the offering is distinctive. You can place the order on the internet, select your options, specific your shipping preference and in the specified date, your notebook shows up at your front door. Dell has clarified what their offering is all about – easy to order, customize and service when you need it.

In industrial branding, we strive to make our offering distinctive by communicating to the customers what they should expect from us and ensure consistent delivery of that distinctiveness. A good example here is Cummins, Inc. in China. Cummins Power Generation is second to Caterpillar in diesel generator sets in the US and around the globe. In China, Cummins has clarified its offering as a prime power generator – always in use, not in a standby mode. In remote factories across China, Cummins generator sets are preferred over Caterpillar because of that distinctiveness. Very few people can argue that Cummins has a better product than Caterpillar. Cummins gained that position because of years of consistent delivery of services throughout the remote areas, consistency of messages about its offerings, and constant attention to details on ways to meet their customer needs.

One of the issues I personally faced in remote China was my lack of knowledge of the language. When we gathered our dealers and distributors together, my entire presentation was given in Mandarin (through a translator, of course) and the message was always the same – “make parts available, provide service on demand and institute a preventive maintenance program for each account”. To my dismay, I could never remember these phrases in Mandarin, even though a distributor gave me a Mandarin-English CD!

At Eaton, we have introduced a Customer Needs Tree technique show in Figure #5 as our technique to develop our distinctiveness. A needs tree begins with the root of customer need: the customer’s enterprise goal. In the example shown in Figure #4, the customer’s enterprise goal is to improve profitability. By asking the customer “How”, we create the branches to the right of the enterprise goal and begin to identify more specific ways in which Eaton can assist the customer in reaching their enterprise goal. If the

customer expresses a very explicit need on the far right of the Needs Tree, we ask a series of “Why” questions to understand how satisfying the customer’s explicit need will help him to reach his overall enterprise goal.

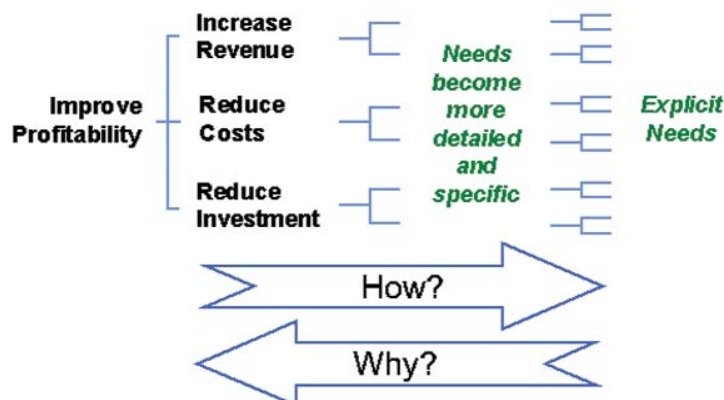


Figure #5: Eaton’s Customer Needs Tree

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## Technique

In the example shown in Figure #6 for a retail store, we will continue probing each branch to understand the “how” until we have a possible solution to that issue.

### Figure #6: Needs Tree for a Retail Store

By understanding the underlying factors behind the customer needs, we develop our offering to meet and/or exceed those expectations.

One way Digital Equipment Corporation used to distinguish itself in the minicomputer market was to display all its offerings in what we called the Beneficiary/Benefit matrix. Benefits were put in the context of efficiency, effectiveness, and innovation enhancements. An example on a system upgrade expansion for a client is shown in Table #3 below:

| Beneficiary | Efficiency                               | Effectiveness                              | Innovation  |
|-------------|--|--|---|
| Enterprise  | Able to process high transaction volume  | Multiple layers of inventory reduced       | Increased revenue from better matching of inventory to demand |
| Group       | Less hours for IT staff. High \$ savings | Double entry sharply reduced by networking | Improved decision making through improved visibility          |
| Individual  | Data entry time reduced                  | Percent of orders entered manually reduced | Opportunity created through improved processes                |

Table #3: Beneficiary/Benefit Matrix for a System Upgrade Expansion

This tool is very simple and gives the customer a quick scan of the associated benefits of the offering for all interested parties – individuals, groups and the enterprise.

## What is Packaging? Enhancing the Customer Experience

By packaging, I am not talking only about the physical aspect of how a product is presented. I am talking about the entire customer experience. How well have we communicated the value of our products and services to the customer? We are not talking only about advertising (because very few industrial products are extensively advertised). It is the presentation in which the unfilled needs are satisfied by the unique manner in which the customer perceives the offering’s attributes or benefits, regardless of the offering’s make-up. For example, ideas based on self-perception, lifestyle, sex appeal are all as a result of packaging.

How did Cummins convince people in remote manufacturing hubs of China to use their generator sets? Definitely not through advertising. These areas were remote and had no transmission lines and no TVs. Cummins started with one sale by an excellent salesperson from its Singapore office and a distributor in Hong Kong. They consistently enhanced the value of their offering to these remote factories – available parts, service on demand, preventive service program, and in some cases distributor financing. Very soon, the word was out that if one wanted their factories to work with minimal power interruptions, the Cummins generator was the answer.

Eaton does not advertise on TV. Some of our businesses do trade advertising but to a very limited extend. What we do to enhance our offering is to be constantly on guard to enhance the benefits of our offerings to the customer.

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In the early 90s, Carrier Corporation, a unit of United Technologies, did an excellent job of packaging its offering to its target audience in China. We paid to have the Carrier oval revolve and tower high in the skies on one of the tallest buildings in Shanghai (I don't recall the name of the Building). It was estimated that well over 5 million Shanghai residents saw the Carrier oval each day. If I recall, the cost to do this was not very expensive then. Why did Carrier do this when it was already the number one player in air conditioners in Asia? Carrier did this because they anticipated the building boom that was on-going and wanted to build their brand, not only in the minds of the average resident but to real estate developers. While the oval is long gone (last time I saw it was in 1997), the Carrier name is forever cemented in the minds of Shanghai residents.

When I saw an old friend (a Carrier dealer) in Shanghai in 2002, he told me one of the best strategic moves Carrier made was the revolving oval logo. While he lamented that the oval was gone, he insisted that he still, to this day, gets first call on all major air-conditioners deals because of the value the oval created for customers in the 90s. There is still a large Carrier logo at the Bund by the Huangpu River.

The Demand Matrix from Mercer Consultant is a good tool to use to help "each customer" perceive the attributes of your offering through an economic lens. It is another variation of the DEC Beneficiary/Benefit matrix. See Table #4 below.

## Customer Pain Points

- More sales
- Greater differentiation
- Reduce capital
- Reduce costs
- Reduce errors
- Product functionality

Purchasing

Specialist

Engineer

Plant Manager

General Manager

Chief Financial  
Officer

Chief Executive  
Officer

Table #4: Demand Matrix from Mercer Consultants

## What about People? Front Line Ambassadors of the Brand

Every company believes people are its key assets. If that is the case, why bother discussing the importance of people. What do people have to do with branding? The answer is simple: you need people to strengthen your customer relationships.

At Eaton, we believe in investing in our employee's growth. It is through a genuine effort towards professional development and essential tool-building that we are increasing the efficiency of our sales force. We are investing in their capability to become more aware and giving them tools to sell value, not products, to customers. We are evolving, not only our sales force but also the entire employee structure, to support our efforts and changing our behavior:

From

- More talking, less listening
- Discussions about features
- Mentioning of qualitative benefits
- Focus on purchasing relationship
- Little knowledge of anti-sponsors

To

- More listening, less talking
- Discussions around customer needs
- Quantification of all benefits
- Building relationship across the enterprise
- Comprehensive knowledge of and proactive management of anti-sponsors



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The only way to do well is by gaining a thorough understanding of the customer and its needs (customer needs tree analysis).

To win, the entire organization needs to rally around customers. People in the offices, on the shop floors, in marketing, finance, and executive suites all play critical roles in strengthening customer relationships and hence enhancing the brand.

In this era of price-downs, we need, more than ever, the ability to develop value propositions customers find valuable and are willing to pay for. We give our sales people the tools to make a difference. Some of the tools/techniques include:

- Understanding personality types;
- Developing Access Plans;
- Developing Fit/Opportunity matrices;
- Conducting customer needs analysis (Customer Needs tree);
- Quantification of benefits;
- Communicating the Value to Customers.

Our marketing people develop these tools/techniques to make life for our sales people a less little hectic and chaotic. One of the tools our sales people have come to like because of its simplicity is the Eight Modes of Competition. Eight modes forces analysts to evaluate competition in eight dimensions from the customer's perspective – the only perspective that really counts.

| Modes  | Eaton | Competitor |
|--|-------|------------|
| <b>Product Line Width</b><br>Breadth of product line; number of distinct markets served  |       |            |
| <b>Features</b><br>Physical aspects of individual products; building; terms & conditions   |       |            |
| <b>Functionality</b><br>Performance; reliability; ease of use; scalability   |       |            |
| <b>Service &amp; Support</b><br>Maintenance required; degree of installations / integration difficulty; help lines; training; technical assistance; upgrade scheme |       |            |
| <b>Availability</b><br>Distribution channels; general availability dates; time to cutover  |       |            |
| <b>Image &amp; Reputation</b><br>Image of company and products; reputation for value; reputation for customer support  |       |            |
| <b>Selling &amp; Relationships</b><br>Level and relationship of sales prospects; relationship with distribution channels; relationships with end users             |       |            |
| <b>Price</b><br>Price-performance; Price-value   |       |            |

Figure #7 illustrates a template used in conducting Eight Modes Analysis. A common scale used to evaluate the two companies is also shown.

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## Eight Modes Scale

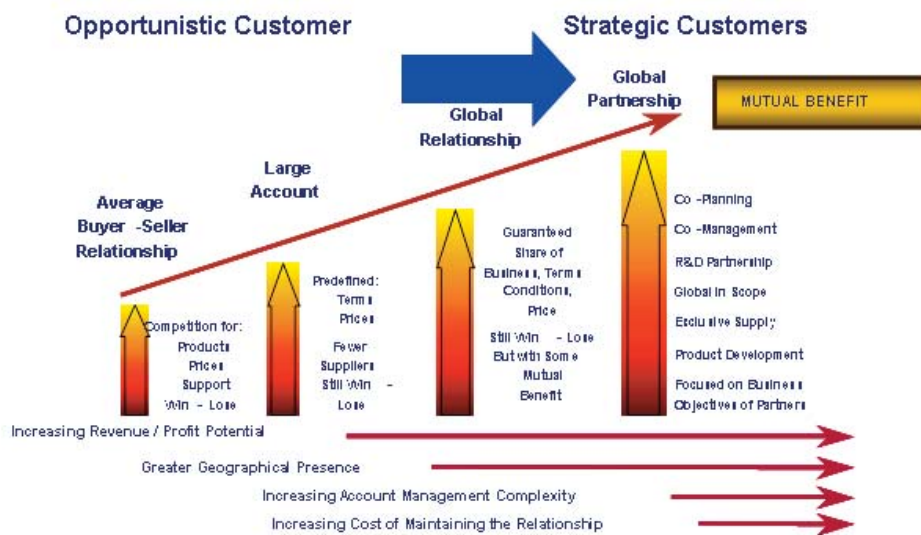
--   -   ○   +   ++  
 Very negative   Negative   Neutral   Positive   Very positive

Figure #7: Eight Modes of Competition Analysis Template and Scale

Our sales people take residence in customer plants and offices around the globe – in the US, Germany and China. By being very close to the customer’s manufacturing, we are steps away from consultation on any issues, technical or commercial.

One segment the Eaton Truck Group serves is the private fleets segment. In 2000 and 2001, there was a glut of new and used trucks in the market due to the increased spending in the late 90s. Used truck values dropped due to the high supply and low differentiation. Eaton sold driver friendly 9 and 10-speed transmissions and a performance-based 13-speed transmission.

One of our sales manager who spent time listening to customers helped Eaton develop the 9-speed convertible product from a 13-speed transmission. This sales manager understood that fleet and dealer customers



were concerned about the re-sale value of trucks with 10-speed transmissions. He clearly understood his customer’s needs as well as Eaton capabilities. Hence the birth of the convertible transmission – a 13-speed locked out to act like a 9 or 10-speed transmission but can be converted to a high performance 13-speed transmission when the truck is re-sold. A patented Eaton concept – a win for the customer and Eaton.

In developing our account plans, we try to understand decision-makers, influencers and anti-sponsors among our customers and deploy resources to maximize our potential with the customer.

One way our Aerospace organization has found to leverage our people is through the use of an electronic tool called AeroLink. AeroLink is used to capture key information learned by the sales force through their sales efforts. Information such as account plans, the status of new platforms, and competitor actions are captured and input regularly into AeroLink by the sales force.

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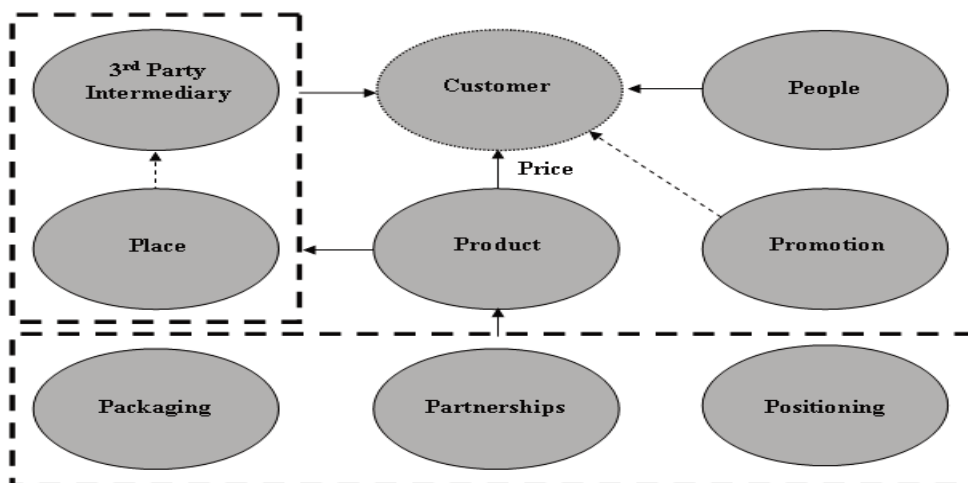
## Partnerships? Winning With Partnerships

No one can do it alone. As humans, we need help in one form or the other. The powerful United States needs help from various governments around the globe in the fight against terrorism. Every business, no matter how powerful, needs help too. That help comes in the form of partnerships.

To enhance your brand, you need to try to meet your customer's varied needs as much as possible. Sometimes a company may have the total offerings required to satisfy customer needs. Other times it may not. If the company does not have the total offerings required to satisfy customer needs, it forms partnerships.

A company uses partnership to gain competitive edge, better meet customer needs, grow the business, and reduce costs. Partnerships may include customers, suppliers, intermediaries, peers and sometimes competitors. The key is to select partners that help you achieve you and your customers' goals.

At Eaton, we view partnership as critical to our success. The template we use is the customer intimacy hierarchy shown in Figure #8.



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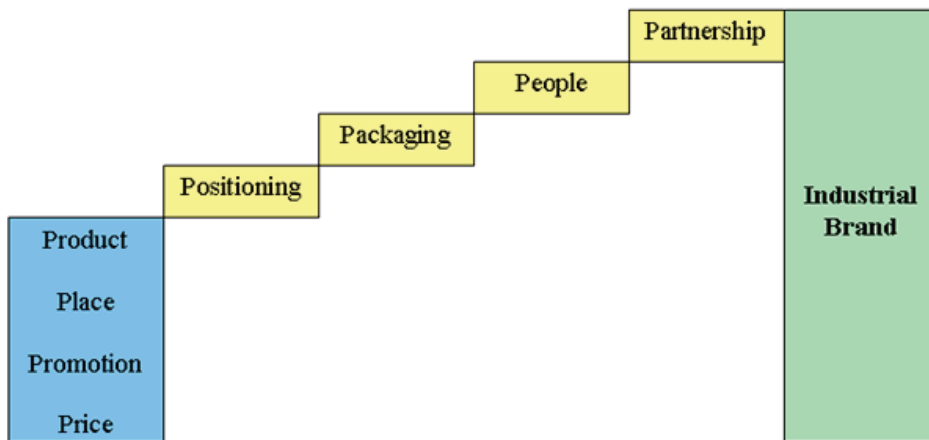
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Figure #8: Customer Intimacy Hierarchy Template

We try, to the best of our abilities, to determine where we are with each customer based on established criteria. It is not necessary, nor appropriate, to try to move all our customers to the right of the hierarchy. Some customers may not want to do joint-development programs with us. That is OK. The key is to truly understand each customer; their keys issues and determine where we can make a difference for them.

The Eaton-Caterpillar joint venture (ISO) was born out of the evolution of our relationship with Caterpillar moving from opportunistic customer to a strategic customer. Eaton is the majority partner at 51% and brought our strength in electrical distribution switching to the partnership. Caterpillar, a 49% partner, brought their strength as a provider of advanced generator



control switchgear to the partnership.

While the potential of the relationship is enormous, the complexity of the relationship increases and our costs of maintaining the relationship increase. If Caterpillar needs Eaton to be in Timbuktu, our goal is to get to Timbuktu to maintain the partnership.

To make sure we were in locked-step with our distributors, I personally visited key regional distributor principals and shared Carrier's strategic plan with them – a novel idea that had not been contemplated in the past. By focusing on the same key issues, we were aligned to win. A caution one principal in North America gave me during one of those meetings in 1995 helped Carrier avoid a major roadblock as we embarked on our journey to enter the Commercial Refrigeration market. Commercial Refrigeration is now a \$1+ billion business for Carrier.

To maintain our leading position in China, Cummins Power Generation created the Customer Council – a group of customers, distributors and dealers – to aid in the development of a 2-megawatt generator. There were the usual anxieties: should we share our technology with them? Will they try to copy it? Will they share it with competitors? In the end, we decided to trust this handpicked group of accomplished individuals. My boss and I attended all the meetings. We shared everything with them. In the end, the product specifications and the resulting value proposition met market needs. I am happy to say the product is enjoying tremendous success in Asia.

How are the Attributes Linked?

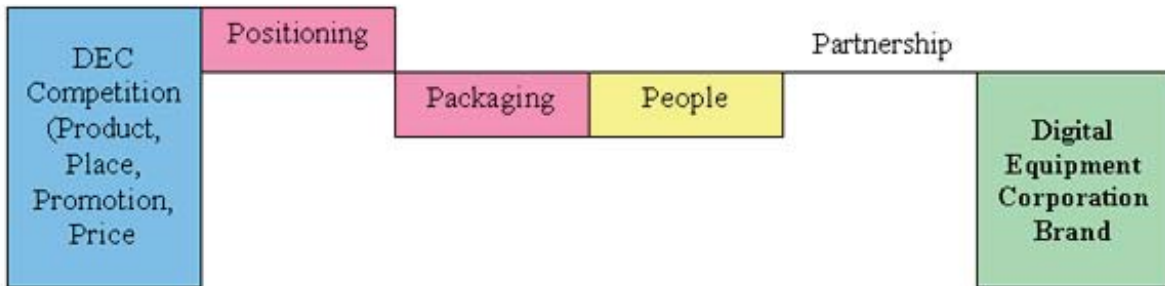
Figure #9: Linkage of Attributes

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As shown in Figure #9, what the customer sees is the product/offering, its associated monetary value, the people associated in delivering the offering, and where/how the offering is purchased. If promotion has taken place, the customer may be aware via the media. What are not seen by the eye but crucial to success are the partnerships behind the offering, the packaging of the



offering, and positioning.

Another way to link the attributes is through the Brand Waterfall as depicted in Figure #10. In Industrial Branding, we assume that the basics of the four original Ps are in place and working effectively. It is the stone upon which to build the industrial brand. With that caveat, it seems to reason that the four additional attributes build on the foundation. Hence the Waterfall:

Figure #10: Industrial Brand Waterfall

A typical scale for evaluating the additional attributes in the Brand Waterfall is shown in Figure #11.

--   -   ○   +   ++  
 Very Poor   Poor   Neutral   Good   Very Good

Figure #11: Typical Evaluation Scale for the Brand Waterfall

Let's use the Waterfall to illustrate why Digital Equipment Corporation failed.

Positioning rating was a negative – it detracted from the original 4 Ps. Digital could not clarify its distinctiveness when the PC revolution started. In fact, Digital made it worst by releasing three different PCs at the same time with different operating systems.

Packaging was also a big negative. Digital could not communicate the value of its PC offering. There were unfilled needs and Digital failed to satisfy those needs with confusing products and messages.

Digital employees were a big positive. They were dedicated and had a passion for the company. But, Digital had the wrong product at the wrong time when the world was rallying around the IBM PC and its DOS operating system.

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Partnership was neutral. Digital never had the critical mass of software developers to write their program on different operating systems. While Digital had made inroads, the world was moving much faster and Digital was never able to catch up to IBM's DOS dominance.

Digital's Waterfall chart in the early 90s will be depicted as shown in Figure #12.

Figure #12: Digital Equipment Corporation Brand Waterfall

To win in industrial branding, all four additional attributes should build on the original attributes, not detract from them.

## But Can You Focus on All Eight Attributes To Build Your Brand? The 9th P

Absolutely not. Nobody, no matter how bright, can focus on eight things at a time. The trick is to understand from the customer (through a customer dialogue process) which key attributes are much more important to them and which key attributes are least important. We ask the customer to list the two most important attributes (high) and two least important attributes (low). Every other attribute is of medium importance. Customer satisfaction surveys yield useful insights in this analysis.



An example of what is crucial/least important to a major OEM is depicted in Figure #13.

|             | 2002/past | 2005/current | 2008/future |
|-------------|-----------|--------------|-------------|
| Product     | M         | M            | M           |
| Place       | L         | L            | L           |
| Promotion   | L         | L            | L           |
| Price       | H         | H            | M           |
| Positioning | M         | H            | H           |
| Packaging   | M         | M            | M           |
| People      | M         | M            | H           |
| Partnership | H         | M            | M           |

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Figure #13: Attribute Importance for a Major OEM

We can surmise from this example that in the past, price and partnership were very important to the OEM. Going forward, our people and the distinctiveness of our offering is of paramount importance. That is where we can bring value to this customer. This exercise is what we call the critical ninth “P” – prioritizing.

Once you have prioritized what key attributes are important to the customer, you color code the attributes and provide a copy to the sales person(s) calling on the account. Red is the color for the most important attributes; green the color for least important attributes. With this template, it makes it easier for the sales personnel to always remember what things they need to focus on for the customer.

### Case Study: Roadranger Brand

The Roadranger story began in 1997 when Eaton acquired Dana’s clutch business to strengthen our transmission position. Eaton subsequently sold its Axle business to Dana in 1998 to strengthen Dana’s axle business. This allowed both companies to concentrate on their core competencies. To win against the competition, both companies agreed to form the Roadranger system in 1998.

In the spirit of conciseness, I’ll summarize the first four Ps – product, price, promotion and place. Products included clutch, transmissions, brakes and axles; they were competitively priced; we used trade advertisement to a limited extent and the products were sold directly by Eaton to OEMs and end-users. In other words, there was nothing unique regarding the first 4 Ps.

### Positioning

What makes Roadranger distinct? The system offers broader offerings from clutches to wheel ends, with a single point of contact at the user level, along with highly coordinated contacts at the OEM level:

| Product                               | Manufacturer | User Contact | OEM Contact  |
|---------------------------------------|--------------|--------------|--------------|
| Fuller Clutch (formerly Spicer)       | Eaton        | Eaton        | Eaton        |
| Fuller Transmission                   | Eaton        | Eaton        | Eaton        |
| Spicer Axles (formerly Eaton & Dana)  | Dana         | Eaton        | Eaton & Dana |
| Spicer Brakes (formerly Eaton & Dana) | Dana         | Eaton        | Eaton & Dana |
| Anti-Lock Braking Systems             | Bendix       | Eaton        | Bendix       |
| Collision Warning Systems             | Eaton        | Eaton        | Eaton        |
| Mobile Diagnostic Tools               | Eaton        | Eaton        | Eaton        |

Table #5: Roadranger System Offerings

Commercial vehicle customers get:

- The same contact for Eaton and Dana products;
- One stop shopping for complete drivetrain and safety systems;
- Continued support on all past, current and future products;
- Improved cost competitiveness.

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## Packaging:

The Roadranger system consists of two elements – the offering and the support. The system provides a single point of contact for sales and service support on all drivetrain system components. The Roadranger call center is available 24/7/365 days, receives about 1200 calls a day, and has experts who speak French and Spanish. Each call personnel is an expert in all Roadranger product categories:

- Product specification;
- Technical assistance;
- Parts information;
- Repair strategies;
- Warranty coverage and eligibility; and
- Verification of extended warranties.

Additionally, the Roadranger.com website is a single source product information system – troubleshooting, driver instructions, maintenance etc.

The Roadranger store sells toolkits, lube, software upgrade, extended warranties and other aftermarket products.

Serviceranger is an interactive web-based service and upgrade system for all Roadranger automated and electronic products. Serviceranger also reads fault codes, monitors and records data and manages software.

The Roadranger customer experience is truly unique in the Truck industry.

## People:

Since Eaton field personnel represent the two companies, we have given them the necessary and strategic tools and behind-the-scenes support to exceed customer expectations. Our people build relationships with fleet owners and OEM executives. They are trained to handle product issues for all Dana Axle and Brake products. Their key goal is to provide value to increase customer satisfaction and have the tools to drive the sales/service cycle.

We have instituted sales incentives to reward them for their accomplishments.

## Partnership:

The Roadranger system is a 10-year evergreen marketing agreement between two like-minded partners. The partnership scoreboard is shown in Table #6.

| Criteria             | Metric                | Results  |
|----------------------|-----------------------|--|
| Financial            | Create Growth         | New Customers gained Market share gains                                      |
| Strategic            | Increase brand equity | OEM/Fleet Awareness 100% Awareness of Brand                                  |
| Operational          | Optimize logistics    | Availability of products 100% product availability                           |
| Relationship (Eaton) | Define partner roles  | Role clarity rating Product development (Eaton and Dana) and Field Marketing |



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Table #6: Partnership Scoreboard

Prioritizing:

Results:

Roadranger has been an unqualified success – customer satisfaction has improved significantly and we have gained market share:

| Product       | Share Gains from 1998-2003 |
|---------------|----------------------------|
| Transmissions | + 8% points                |
| Clutch        | + 12%                      |
| Drive Axle    | + 6%                       |
| Brakes        | + 5%                       |

The Roadranger Brand Waterfall is at the maximum – excellent in all categories.

## Summary

A powerful brand makes contributions to any business. In the industrial setting, a powerful brand not only helps you to distinguish yourself from the competition but also helps you to build a strong working environment, increase your sales hit rate, and more importantly deliver value to your customers. Unique value creation for customers leads to long-lasting relationships.

I have articulated the 4 additional Ps (Positioning, Packaging, People and Partnerships) that can help you to increase your brand equity and a fifth P (Prioritizing) that makes sure you focus on the most important attributes each customer cares about.

Positioning is about clarifying the distinctiveness of your offering. In positioning, we talked about how Cummins used this attribute to win in the China prime power generator market by continuously and consistently delivering services, with constant attention to details, for customers. Some of the tools used to truly understand your customer so as to distinguish yourself are the Customer Need Tree and Beneficiary/Benefit templates.

Packaging is about enhancing the customer experience. In the same Cummins example, we talked about the total experience Cummins and its distributors gave to their customers in remote China – available parts, service on demand, proactive preventative maintenance and distributor financing. The Mercer Consultants' Demand Matrix is a powerful tool to understand how your customer perceives your offering through an economic lens.

People, especially salespeople, are the links between companies and customers. Give them the right tools, treat them right and you have a dedicated employee for a long time. Some of the tools Eaton has given to our salespeople to meet and exceed customer expectations include behavior analysis, 8-mode, Aerolink electronic information system and a pay-for-performance system.

Partnerships are critical to meet the varied needs of customers. It is used to gain competitive advantage, gain more business and reduce costs. A tool that we use here at Eaton is the Customer Intimacy Template.