

GTM (Go to Market) STRATEGY

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Abstract

A go-to-market strategy (GTM strategy) is an action plan that specifies how a company will reach target customers and achieve competitive advantage. The purpose of a GTM strategy is to provide a blueprint for delivering a product or service to the end customer, taking into account such factors as pricing and distribution. A GTM strategy is somewhat similar to a business plan, although the latter is broader in scope and considers such factors as funding. GTM is often associated with product launches, especially those targeting channel partners. Indirect channels often become a part of a product vendor's go-to-market plan. But GTM can also be used to describe the specific steps a company needs to take in order to guide customer interactions for established products. In addition, service-oriented channel partners, such as cloud service providers (CSPs) and managed service providers (MSPs), may also devise GTM strategies.

Key Words: business, consumer goods, customer, marketing, production, sales, strategy, target,

Marketing and Sales

Today's marketing and sales strategies have turned into "races" for Big Data—data about individual consumers, data about segments, data about regional markets, and data about different channels. The winners of this race know more, learn faster, and create a superior customer experience over all stages of customer interactions. The true champions are those that capture the most value from their customers, from their store shelves, and from their relationships. It's a wholesale transformation of what it takes to win as a marketer or as a sales force, both for leaders in the fast moving consumer goods industry and for the retail channels.

Four Ways to Sales Success

A.T. Kearney works side-by-side with clients across retail and consumer industries to help them gain superior insight into customers, inventory strategies, store-shelf provisioning, logistics, and pricing. We help our clients improve their decision making process to make fast yet well thought out decisions that have the strong side benefit of more predictability and control over their own financial performance.

We help our clients in four important ways:

- **Sales strategy:** We use our proprietary sales strategy framework to improve the alignment between a company's overall business strategy and its sales strategy.
- **Pricing:** Understanding what consumers value (and will pay for) in a structure that is defensible across channels has become more data-intensive. But the resulting profit potential is worth the number crunching.
- **Consumer insights:** Consumer insights influence every step of the marketing and sales process, enabling marketers to focus on the key levers to persuade consumers to buy. One time advanced analytics moves a company from data to information to insight and ultimately to strategic execution. But designing new information management strategies and bringing in new tools to ensure improved analysis on an ongoing basis has an ever higher pay off.
- **Information management:** Big Data requires new capabilities and new tools such as non-SQL databases and Hadoop designed for dealing with massive quantities and new sources of data. Machine-based learning approaches can help consumer goods companies and retailers deliver more relevant and timely value propositions to customers.

Development and core components

As an initial step, a GTM strategy must define the customer market for a particular product or service. In the case of a new offering, the company will decide whether it has existing customers that might be sales prospects or whether it needs to seek an entirely new set of target customers. In addition, the company developing a GTM strategy and honing its customer acquisition process should also zero in on who will be the buyer: the IT manager, a line-of-business (LOB) manager or a member of the C-suite, for instance.

Next, the GTM strategy should focus on the product or service to be offered and its particular business benefit for the intended target customers. With the value proposition defined, the company can determine a pricing strategy. This can prove challenging, especially if a company is shifting from product to service sales and needs to adopt a new model, such as subscription-based pricing.

IT product and service providers should consider multiple factors when building go-to-market plans.

In addition, the GTM strategy should also address marketing and promotion. An effective GTM strategy typically sketches out what distribution and marketing channels will be used to reach the target market. Incidentally, a GTM strategy can also be used to build out future customer relationship management (CRM) initiatives.

Examples:

A change in an IT provider's overall strategic direction will often prompt a change in its go-to-market strategy.

Microsoft, for instance, announced a vertical industry go-to-market strategy in 2017 to accommodate customers undergoing digital transformation and seeking vendors with more insight into their specific businesses. Microsoft's industry initiative focuses on vertical markets, including financial services, retail, manufacturing, government, education and healthcare.

New products or product strategies may also influence go-to-market approaches. Violin Memory's shift from niche storage player to primary storage provider meant the company would be pursuing a broader array of customer segments. That change influenced the company's decision to pursue channel partners as its go-to-market strategy. Vendors may call on channel partners to improve market penetration and boost brand recognition.

A rethinking of services can also trigger a new go-to-market model. Anaplan, a cloud-based financial planning platform provider, decided to offload services that it had been providing on its own. The company altered its go-to-market plan to delivery services through channel partners.

Among managed services and cloud providers, a go-to-market plan may include targeting vertical markets, customers of a particular size or a particular technology platform, such as a specific public cloud or software as a service (SaaS) offering.

A profitable business relies on several elements working in harmony. One such example is a go-to-market (GTM) strategy. A GTM strategy should be one component of your overall marketing strategy. And a good go-to-market strategy involves assessing multiple factors, including pricing, distribution channels, and unique selling propositions.

Good go-to-market plans offer numerous benefits and competitive advantages to businesses. Whether you're the owner of a Fortune 500 company or a small business with a few employees, a GTM strategy can help. Not only does the go-to-market strategy shorten time to market, but it also helps companies grow and develop while minimizing costs.

Marketing strategy vs. go-to-market strategy

When crafting a business plan, business owners may use the terms “marketing strategy” and “go-to-market strategy” synonymously. However, these two terms are drastically different, each bringing a different type of sales strategy.

Your marketing strategy is ongoing. The point of your overall marketing strategy is to determine how you can reach your target audience and convert potential customers. Your go-to-market strategy, on the other hand, involves a specific product. The plan focuses on how you’re going to set up the launch of a new product or service. Both your marketing strategy and go-to-market strategy play integral roles in new market outreach and customer acquisition. As a small business owner, you may see these two strategies overlap. But as your company grows and matures, the two approaches will begin to become more and more distinct. Say, for instance, you’re an entrepreneur offering home security products and services. When you first start your business, your sole concern will be to get your product into local homes.

As your business begins to grow, you determine that you want to start offering security products to commercial companies. You also decide that you want to start focusing on cyber security.

You’ll then use a GTM strategy to craft a product marketing plan — outlining how you will introduce your new offerings to customers. Go-to-market strategies focus explicitly on the sales process for launching your next product. The marketing strategy will define your target market, how you will reach this market, and the various products you’ll offer to the market. So, in summary, a marketing strategy is something ongoing and fluid. It’s something that you’ll always have in place, and it’s something that will change with time.

A go-to-market strategy, on the other hand, is explicitly used when launching a new product or service. Go-to-market strategies typically involve much more fixed or rigid deadlines.

Seven steps for crafting a useful go-to-market strategy

If you’re a small business owner looking to come up with a go-to-market plan for your next product launch, you’re in luck. We’ve compiled a seven-step plan that you can implement when drafting your go-to-market strategy template. By following these seven steps, you’ll be able to craft a discernable action plan that will lead to a successful product launch.

1. Define the market

It’s hard to craft a successful go-to-market strategy if you don’t first define your target audience. When introducing a new product, start by researching your ideal customer base. Marketing segmentation is critical because few products are appropriate for all groups of people. Along with age and demographic factors, you should consider buyer personas, where clients are located, what jobs they hold, and what spending power they have. Next, determine whether or not those customers are already part of your customer base or whether you have yet to reach them. If you need to discover new customers, you’ll also need to determine which lead generation strategies you’re going to use. Don’t forget to consider what your competitors are offering. If your product already exists at a lower price point, you may need to readjust your strategy.

2. Determine your value proposition

Your value proposition — also known as your unique selling proposition — is what you promise to deliver your customers. To find your value proposition, begin by assessing the top benefits of your product or service. Once you’ve identified the various advantages of your product, determine the possible solutions that those advantages offer your target customers.

The goal in defining your value proposition is to think like the customer. Ask yourself what problems or challenges in your life need solving. Once you do this, you can figure out how customers will use your products to meet their needs, and you can align your marketing efforts accordingly.

Once you’ve identified your specific value proposition, start setting your pricing strategy. Your pricing strategy depends on your prospective customer base and your goals for market penetration. Options that you can use when crafting your pricing strategy include:

- Subscription-Based Pricing
- Value-Based Pricing
- Price Skimming

3. Define your product strategy

Another critical aspect of your go-to-market strategy involves identifying which products to sell and determining how you will position your brand. In most cases, you'll want to create a unique product strategy for every one of your target markets. This step may include setting promotions or specifying bundling plans. Additionally, marketers should look for opportunities to differentiate their products from those of competitors.

Small business owners should recognize that after a launch, their strategies may need to shift based on customer reactions. Although the timeline of a go-to-market plan is static, decision-makers will want to be in tune with customer reactions so they can make small adjustments to the go-to-market strategy as needed. Monitoring social media is an excellent way to help gauge customer reactions to a new product or service.

4. Discuss your channels

It doesn't matter how great your product is if you don't have a strategy for reaching your ideal marketplace. To do so, you'll need to select the right marketing channels. Marketing channels are the places where you promote and sell your products. Once you determine your target market, you can identify the areas where this group tends to shop. Examples of popular places to shop include:

- Online marketplaces
- Retail stores
- Trade shows

Your marketing channels will vary based on your target market. Whatever channel you select, it's important to put sufficient time into developing your brand and making sure it's consistent. The goal is for customers to have consistent experiences no matter where and when they purchase your goods.

If you're part of a larger company, you're going to want to make sure to coordinate your GTM across all channels of your business. Doing so ensures that your message is consistent. The larger your company, the more coordination and planning you'll need to craft your go-to-market strategy.

5. Consider external marketing

If you're looking to get the word out about your new product or service, you may want to consider crafting an external marketing plan. External marketing can increase the likelihood of customers hearing about your product. You may need print or online ads to begin garnering attention for your new product. Besides market research, external marketing will likely make up a considerable amount of your go-to-market strategy.

6. Support your customers

One of the most significant mistakes that business owners make when releasing a new product or service is not being there for customers after the fact. Before the product launch, you should prepare your support team for an influx in demand.

Whether it's an increase in troubleshooting requests or an uptick in web traffic, you can expect higher volumes in the weeks following the launch of a new product or service.

If you don't support customers, you run the risk of alienating them. Customer retention is critical for building a customer base. Once you have customers in your sales funnel, you should make efforts to keep them there. Providing them with adequate support is an excellent way to keep customers happy.

7. Evaluate success

Determining the objectives of your go-to-market strategy before launch will make it easier to measure success down the line. Before you launch a product, determine what constitutes success. Is your goal to achieve a particular sales volume? Do you want to target early adopters? Be specific and clear to keep your sales team on target and boost your chances of success. Creating an incredible product is only the first step. A successful company is one that finds ways of putting its goods into the hands of its target audiences.

Conclusion

By taking time to consider all the elements of your go-to-market strategy — including who you will target and how and where you will reach these individuals — you can give your business the best chance of going the distance. Start crafting a useful go-to-market strategy. Taking the time to craft your go-to-market plan could increase the likelihood of success when introducing a new product or service to your business model. And, remember that a successful product marketing campaign will bring an influx of cash to your business.

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