



Velocity B2B Marketing White Paper

Riding the Hype Cycle

The role of marketing in each stage of Gartner's Hype Cycle

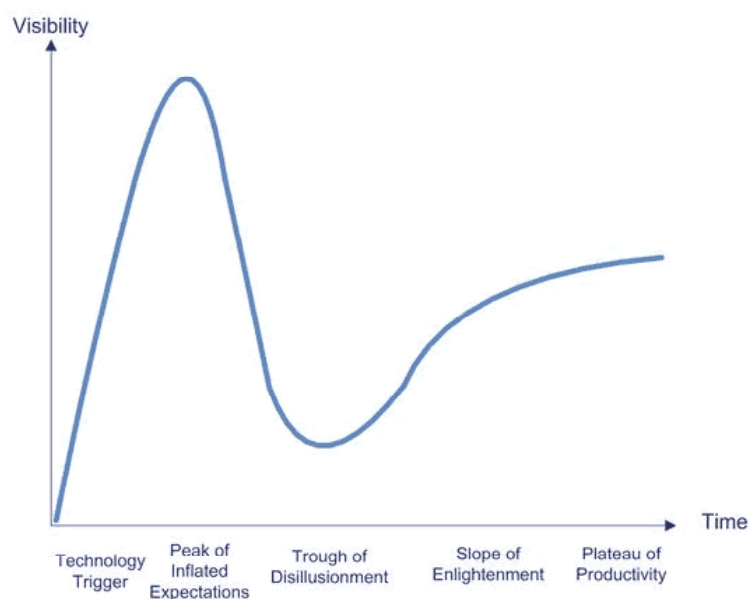
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We've always been mildly allergic to the reductive matrices, models and quadrants peddled by the analysts, but we've come to recognise a ring of truth to the [Gartner Hype Cycle](#). The Hype Cycle maps a curve that describes the way new technologies become adopted by the marketplace over time.

Few companies actually ride the entire curve. Rather, the curve describes the trajectory of a *technology*. Companies tend to enter and fall off the curve as time passes. Only the biggest (with the deepest pockets and the most diversified product portfolio) usually ride the entire length.

Gartner has named the five parts of the curve and identified the dynamics specific to each segment or 'phase'.



Over the years, we've worked with companies competing in each of these five phases. And we've learned that the way you market needs to change depending on where you are on the Hype Cycle.

Here's what we mean (Gartner's own description is in bold, ours in normal text):

The five phases

1. "Technology Trigger"

The breakthrough, product launch or other event that generates significant press and interest.

Very few new products or new companies are lucky enough (or visionary enough) to launch a new Hype Curve. But when Venus aligns with Mars and you find yourself associated with the Next Big Thing, it's good to take a view on the roller-coaster ahead.

The marketing challenge during the Trigger stage is not just to get on the map, but to draw the map. To stake out the terrain for the market in way that favours you.

For CRM to be born, Siebel had to create and sell the vision.

For ERP to take hold, SAP had to evangelise the hell out of it.

Our client, Magus, is pioneering Website Quality Monitoring by defining the web quality landscape and showing how monitoring is the missing (but essential) piece.

This is pure thought leadership. To win, you need to become a firehose of content: white papers, conference speeches, Powerpoint mountains, analyst briefings, interviews, brochures, websites and microsites, videos, case studies... everything you've got.

And it all has to pound away on a very simple story: this is the problem; this is why it can't be solved with the current approaches; this is how we solve it; this is what it's called; this is why we're perfectly placed to seize this opportunity.

During this stage, you need your vision and your story to win. You also need to your *language* to win. In new markets, nothing has a name yet. If you're there early, you need your names to be adopted by the industry.

This means trademarking the proprietary technologies and products that you need to own but also creating some terms that you're happy to release to the market (like CRM or ERP) – making sure that your name is welded to this new generic term.

2. "Peak of Inflated Expectations"

In which a frenzy of publicity typically generates over-enthusiasm and unrealistic expectations. There may be some successful applications of a technology, but there are typically more failures.

As the market ascends to this peak, it's important to balance your bold, exciting vision with practical, realistic solutions that can be bought into right away.

By all means, paint the pretty pictures of the future you're helping bring about, but don't forget: every vision has an equal and opposite reaction. Keep your marketing feet on the ground and sell your tactical solutions alongside your big story.

The first big wins for CRM were really just providing a single view of the customer that could be exploited by other applications.

The first big wins for ERP were fairly prosaic efficiencies in billing and inventory control.

It's also essential in this phase to align yourself with the over-hyped category while hedging your bets and creating a unique space that can survive the imminent market rejection of your vision.

You do need to associate your company with the hot new thing, but you also need to stand for something uniquely yours so you maintain control over your destiny. Live by the hype, die by the hype.

At its peak nothing was hotter than the Application Service Provider (ASP) market. But the hype preceded the industry's ability to deliver on its promise (things like bandwidth, security and viable business models just weren't in place).

Ip.access (yes, another Velocity client) is riding the femtocell market surge but is preparing for the coming Trough. They know that until the early field trial results are in, femtocells can't leap to the Slope of Enlightenment. They're executing a brilliant thought leadership strategy that manages expectations and positions them as the experts in femtocells (they're also making money on another product line to fund themselves through the Trough).

The Peak is a good time for case studies, testimonials, editorial excerpts, awards and other credibility builders. Partly to address the skeptics who resist all hype waves and partly to prepare for the upcoming Trough...

3. "Trough of Disillusionment"

Technologies enter the "trough of disillusionment" because they fail to meet expectations and quickly become unfashionable. Consequently, the press usually abandons the topic and the technology.

We've seen excellent companies with great technologies left bewildered as the market gets pulled out from under them.

Usually, as the Hype Cycle shows, this rejection is temporary and overstated. It's the pendulum swinging too far before coming back to the sensible centre.

If you played the Peak right, you should have some marketing assets to take you through the Trough. If not, and you find that your company name is synonymous with the rejected category, your choices are limited:

- **Duke it out** – Keep evangelizing like mad; counter every objection; double your media relations and analyst relations efforts; find those early adopter champions and promote every success.
- **Jump ship** – Mothball Plan A and re-invent yourself.
- **Hybernate a bit** – Reduce the burn rate, live on your wits and wait for the market to re-discover the power of your offer.
- **Rename everything** – a new category, a new product set, new promises... it won't fool many but it helps keep morale up.

If, during the Peak phase, you took our advice and sowed the seeds of something apart from the hyped category, now is the time to focus on these assets. Make them what you're all about. Go back to the core benefits and re-spin them in your new light. But always keep your stake in the temporarily discredited vision. It will be back.

Do it right and the brand values you build during the Peak and Trough will transfer neatly into "Vision, Take Two: the Enlightenment".

Sonitor (a Velocity client) makes an ultrasound-based alternative to RFID for use in hospitals. They rode the RFID wave until it crashed, but stuck to their ultrasound message. They're perfectly placed to exploit the market's disillusionment with RFID and demonstrate a better way.

When the early CRM implementations proved disappointing, dozens of the vendors that had rushed in, turned tail and re-

invented themselves as niches within the CRM eco-system. In doing so, they stopped asking prospects to buy the whole vision and got them to shell out for some specific apps with a new spin: they worked.

Our client ShipServ was the last e-marketplace standing in the maritime industry (there were over 60 during the dotcom bubble). They kept their costs down, focused on one small but indisputable benefit (process efficiencies) and kept selling.

4. "Slope of Enlightenment"

Although the press may have stopped covering the technology, some businesses continue through the "slope of enlightenment" and experiment to understand the benefits and practical application of the technology.

The ASP vision was right all along. Now it's called Software-as-a-Service (SaaS) and it's owned by the application vendors themselves (not by third party platform players).

Only the biggest and best-run companies actually survive the Trough and get to enjoy the Slope. More often, new vendors emerge to ride the fun part of the Hype Curve while the originators curse them from the sidelines.

How you market during the Slope of Enlightenment depends on how you got there. If you're a survivor of the Trough, you've got cases to peddle and stories to tell. All you need to do is re-discover your confidence (the most under-rated asset in marketing) and tell your story with attitude and energy.

ShipServ survived the Trough and is now enjoying a fantastic surge as the original vision becomes a reality. Now they're attacking the market with total confidence.

If you're a new player, hopping on board during the Slope, congratulations, you've mastered the other critical asset: timing (sometimes called luck). Your challenge is to make up for your lack of customers and case stories with a crystal clear vision that matches the accelerating market.

Salesforce.com helped revive CRM by turning it into a SaaS model. The world was ready for SaaS (and for practical CRM).

Marketing during the Slope phase is less about pure evangelism and more about differentiation, confidence and credibility. About supporting

your claims with facts, case studies and testimonials and demonstrating momentum by generating a constant stream of news.

It's also time to position yourself as the blue-chip supplier of the new technology. New competitors will be rushing back in. You need to be seen as the safe pair of hands. The ones who really get this stuff. Think white papers, speaking opportunities, eBooks...

5. "Plateau of Productivity"

In which the benefits of a technology become widely demonstrated and accepted. The technology becomes increasingly stable and evolves in second and third generations.

A plateau doesn't sound like a very exciting destination after all that suffering. Gartner could have chosen a better term for this phase, but you get the idea: this is what Geoffrey Moore and the Chasm Mafia call the Mainstream Market.

Marketing on the Plateau is what most tech companies are doing right now. Trying to differentiate themselves while still evangelising the generic benefits of the new category. The Plateau is all about earning attention and rewarding that attention with real insight into the challenges of the buyer. Nothing new here (but never easy either).

Service-Oriented Architectures went from the hottest thing in the hot competition to a deadly silence... then emerged as pretty much the only way to build software and infrastructures.

Marketing on the Plateau may sound like a maintenance job but actually, it needs to be just as creative and visionary as any other stage. The idea is to differentiate with new spins on the same basic themes and issues that have now been accepted by the market.

Often, this comes as different vendors specialise in different areas of the market, building out the offer, deepening the technology, adding features and functions. It's a good time to seize a niche and own it.

Portrait Software couldn't win against big CRM but it could specialise in Customer Interaction Management – the point where CRM actually touches the customer.

As Web Content Management matures, EPiServer is becoming a leader in web marketing applications that can be driven from within the content management system.

Change your tune to suit the dance

So the role of marketing changes as a company or an industry progresses through the Hype Cycle. But there are a few constants that apply through all five phases:

- **Thought Leadership is always essential**

The winners are the ones with the best ideas and the best stories crafted to deliver those ideas. It's always a good time to take a strong view on the marketplace and present that view clearly and compellingly.

- **Content really is king**

To even hope to shape the changing debate, you need to keep the content coming. Not the promotional bumph, the practical, useful, visionary content grounded in real market experience.

Papers, demos, e-Books, presentations, videos, podcasts, blogs, microsites... you really can't do too much of this stuff.

- **Build a community**

As your ecosystem evolves, you're stronger if you can get yourself into the centre of a growing community of insiders. To do that, you often need to create the community.

Hold events, start an open forum, publish a wiki, recruit subscribers to your thought leadership material, get a social network going or exploit the existing ones... The Hype Cycle can be a lonely place. Build your believer base through all five phases.

- **Master the art of search**

We could do a paper on the changing role of search engines through the phases of the Hype Cycle. But for now it's enough to say that search plays an important role in all phases and a disproportional role in Phases 1, 2 and 4.

Get yourself an agency partner that really gets search engine marketing, can analyse your current performance and recommend specific actions to improve it ([here's one we prepared earlier](#)).

Experienced technology marketers will recognise all of the above. And we've said much of it before in different ways. But the Hype Cycle can be a new way to think about the marketing challenges you face right now and can throw new light on your priorities.

The important thing to take away is that your company does not have to be the victim of Hype Cycle forces. You can do things to control your destiny by getting the right stories to the market at the right times.

About Velocity

Velocity is a consulting-led B2B marketing agency specialising in technology markets.

We help our clients build solid arguments, tell them in a compelling way and incite action in their target markets. Our services include Strategic Consulting; Market Acceleration Programs; and Digital Engagement (including some innovative ideas we call Web Motion).

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