

RFID UPDATE

RFID MARKETING STRATEGIES REPORT

ANALYSIS OF THE MESSAGES AND TACTICS THAT
INFLUENCE PERCEPTIONS OF RFID PROVIDERS

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A paradox is emerging in the RFID industry: sales and implementations continue to grow, but end users are becoming more difficult for technology providers to influence. RFID Update's *2009 Marketing Strategies Report* found traditional marketing tactics and mediums hold less influence on RFID users and prospects than they did when they were first measured in 2006, as do companies' own direct sales efforts.

RFID prospects, users, integrators and technology producers around the world were surveyed to learn about their preferences for learning about RFID technology, where they get information about RFID vendors, how influential these information sources are relative to each other, and what types of information and messages are most valued. This report follows up the original study conducted in 2006, and finds that some of the RFID marketing fundamentals identified then have changed in the interim, which may cause RFID vendors to rethink their basic assumptions about the best way to influence prospective customers and partners.

Respondents appear less receptive to traditional marketing efforts. Overall, most forms of vendor marketing and advertising were rated as being less influential or important than they were in 2006. For example, an RFID company's website is no longer the leading source of information used to learn about the company, while outside sources such as consultants, analysts and media play more prominent roles in shaping opinions and providing information. These developments make it more important for RFID providers to influence media, consultants and other sources used by end users, which presents its own challenges.

However, as RFID marketing challenges have grown, so have RFID implementations. By all accounts the industry is larger and stronger now than it was in 2006, even though prospects are harder for vendors to reach and influence. Two intertwined findings provide a possible explanation:

- For forming opinions about RFID vendors, independent sources (such as consultants, analysts and resellers) are three times more influential to end users than vendors' own sales and marketing efforts.
- VARs, systems integrators and other channel companies are much more likely than end users to access vendor marketing materials.

These findings suggest RFID vendor marketing efforts influence the channel, and the channel influences end users. To win attention and influence with prospects, therefore, RFID vendors must increasingly market to different audiences and address the multiple layers that exist between themselves and end users. Consultants and the distribution channel are key gatekeepers for information and influence.

The relative influence of vendor, media and professional sources is highlighted in Figure 1. Note that more end users say a company's own sources of information have "no influence" on their perception of the company than say they have a "strong influence."

Figure 1 What Influences Perceptions of RFID Product & Service Providers?

	Strong influence	Some influence	Very little influence	No influence	Response average
Professional sources (consultants, analysts, systems integrators, etc.)					
Total respondents	**%	**%	**%	**%	**%
End users	**%	**%	**%	**%	**%
The company's own sources (marketing communications, its website, direct sales, etc.)					
Total respondents	**%	**%	**%	**%	**%
End users	**%	**%	**%	**%	**%
Media sources (magazines, media-run newsletters and websites, etc.)					
Total respondents	**%	**%	**%	**%	**%
End users	**%	**%	**%	**%	**%

RFID vendors are challenged in getting their messages through in this environment, evidenced by fewer firms being widely recognized as industry leaders today than in 2006. Only five companies were cited as industry leaders by at least ** percent of survey respondents, down from ** companies in 2006. Recognition was even harder to earn among end users — only ***** companies were recognized as leaders by at least ** percent of end users, down from ***** companies in 2006.¹

Despite the challenges, RFID companies have many opportunities to reach prospects. Overall, vendors are the most important source for learning about RFID technology in general; other sources become more important only for influencing opinions of specific companies. And although respondents showed less inclination to access webinars, case studies, white papers and other marketing communications materials than before, these resources are still heavily used and no clear alternatives have emerged.

Most topics and sources measured are important to the majority of RFID users, integrators and providers. However the degree of importance often varies significantly by industry role, experience, geographic region and other factors, which underscores the importance of targeting marketing efforts to different audiences. The relative importance of these factors is examined closely throughout the report.

¹ Complete ranking results and branding analysis are presented in the *2009 RFID Brand Report*, a companion report from RFID Update. Select results from that report are summarized elsewhere in this document.

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