



CHANNEL MARKETING 101: HOW TO GET STARTED



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Synopsis:

- What channel marketing is and why it is important
- How to get started with channel marketing
- The role of demand generation in channel marketing



Despite the challenging economic climate, [IT spending is projected at \\$5.06 trillion](#) (Gartner, 2024), with channel marketing enjoying significant growth and optimistic forecasts. Indeed, Canalys predicts that the [channel software market will reach \\$11.08 billion by 2028](#). This continued vitality is due to the adaptability and efficiency of channel marketing in reaching a broader audience at an affordable cost.

Furthermore, [80% of global SMB spending is partner-delivered](#). As [44% of IT spending](#) comes from SMBs, this highlights the major role played by the channel in driving revenue for companies of different sizes and verticals.

Coupled with the [notable growth of partner ecosystems](#), this resilience has sparked the attention of organizations who are now considering channel marketing as a key tactic, interested in its ROI and capable performance.

This article explores the fundamentals of channel marketing, including how to develop strategies from scratch to drive your growth.

WHAT IS CHANNEL MARKETING?

Channel marketing refers to the strategies carried out via a partner ecosystem to market products and services through third-party intermediaries or partners to end clients. Channel marketing partner ecosystems can include retailers, distributors, and resellers, among other partnership models.

Therefore, the purpose of channel marketing is to expand an organization's reach, in tandem with its sales and marketing capabilities by leveraging channel partners with unique expertise, networks, and market knowledge.

WHAT ARE PARTNER ECOSYSTEMS?

Partner ecosystems refer to networks of partners from the same or correlated industries, who work in unison to provide solutions for end user customers whether that is vendors, Managed Service Providers (MSP), Systems Integrators (SI) or others. As the importance of channel partners continues to grow, partner ecosystems are being recognized as a powerful strategy for driving sustainable and scalable growth.

The importance and benefits of channel marketing



Given the [tightening of budgets and emphasis on maximizing ROI from investments](#), channel marketing represents a significant opportunity for propelling growth, if leveraged correctly.

One example of the channel's potential to enable indirect selling, is [Dell Storage's Go-to-Market model](#) (GTM). This strategy is built entirely on partner-led growth to counteract the impact on revenue generation from economic uncertainty—a drop in revenue of 20% overall (IT Channel Oxygen, 2023).

This partner-first tactic is reinforced by a reward scheme that awards sales representatives with higher commissions if their storage products and services are sold via a partner instead of directly. In total, 99% of current and potential Dell clients will be considered partner-led for their storage solutions.

The emphasis on partner-led marketing strategies, such as this example, are clear indicators of the efficiency of channel marketing to attract and grow client relationships.

This has led to an increasing number of businesses to adopt ecosystem-led growth (ELG) GTM strategies, focused on partner ecosystems as the primary way to build a client base and drive growth.

According to [Crossbeam](#), ELG deals are 53% more likely to close and at a 46% faster rate. ELG-sourced clients are also 58% less likely to churn. The same report also found that 30% of pipeline was attributed to partners in 2023.

Furthermore, [McKinsey predicts that the ecosystem growth model will reach \\$60 trillion by 2025](#), given the [growing demand for seamless buyer experiences](#) from clients (Accenture). This, following the 2023 [Canalys](#) forecast of channel partners driving 70% of the \$4.7 trillion worldwide IT market, highlights the growing role of channel marketing in GTM models.

Channel marketing benefits

While the state of channel marketing continues to evolve, its principal value remains clear. **The core benefits for each party involved are the following:**



Vendors

Vendors can achieve scale faster and more sustainably by leveraging partners—without the significant investment of hiring large in-house teams.

This also allows vendors greater flexibility to expand or reduce operations depending on performance. Entering into new markets becomes much lower risk as a result.



Partners

Partners are able to activate sales and marketing strategies with the support and funding of vendors—without the risk associated with product/solution development.

Partners also benefit from the shared profits of successful initiatives, as well as from vendor brand equity.



End clients

Clients receive services and products tailored to meet their unique needs—without having to consult and purchase from multiple vendors.

Partners are also able to deliver clients personalized support and relevant expertise, resulting in a better, more seamless buyer experience.

In short, successful channel marketing not only mitigates risk, but also enables all involved to secure more value, and more quickly. This positions channel marketing as an even more pertinent strategy considering [the defensive state of the B2B buyer](#).

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How to start with channel marketing in 4 steps



Below is a breakdown of the four core steps to establishing channel marketing strategies and building a partner ecosystem.



1. Identify potential channel partners

Carefully analyze the capabilities of potential partners, their reach, the challenges of their markets and most importantly, how they address them to drive revenue. Developing partner assessments specific to your needs can facilitate this process (and will be important for step three).

For example, this process should ensure that partner audiences are aligned with your ICP and target market. Ideally, partners should share intelligence with you to illustrate this, however, combining this with your own research and leveraging your own intelligence can be helpful for discerning the most beneficial partnerships.

Finally, the channel partners you select should also align with your overall business goals and approach to ensure a productive partnership and culture match. This should also include quantifying the ability of partnerships to further said goals.



2. Create an agreement with channel partners

After determining the best partnerships, approach partners to discuss the details of your agreement. This should include establishing partnership KPIs and goals, as well as the responsibilities of each party involved in achieving them.

Your agreement with channel partners should also cover review cadences to evaluate current performance against the goals set to inform pivoting or optimizing strategies. If necessary, this can also include an assessment of the partnership in general, to determine the need for more extensive changes.

In short, clearly outlining all of the details of each partnership at this stage will help to avoid issues that arise.



3. Attribute budgets

A common element of enabling partners to drive value is the attribution of market development funds (MDF) to each partner by the main vendor. While partnerships show great potential, the process of **assigning MDF to partners is an area of significant debate in the channel space due to the following three challenges:**

- Partners not delivering value due to a lack of MDF
- Partners receiving adequate MDF, but not enough vendor support to activate strategies
- Lack of partner training resulting in MDF going unspent and partner resources not being used

These challenges can result in a cyclical issue where channel partners, even if typically high-performers, are not able to achieve performance goals.

Given that the process of assigning MDF is often informed by performance, this results in partners receiving less for future channel marketing efforts. Conversely, low performance may be influenced by [partners not taking full advantage of the funding provided](#), due to a lack of support—or partner-vendor engagement.

This has led to the development of **two key approaches to distributing MDF to partners:**

The “business case” system:

Partners make business cases to “win” MDF funds for their campaigns and marketing efforts, based on their projected outcomes. This model can also include a percentage of the partner’s funding, which often increases partner engagement and performance. However, vendors relying on this process alone, need to invest in supplying adequate support to partners to encourage them to take the time and resources to develop these bids.

The partner assessment system:

Unique to the specifications of each vendor, this process involves evaluating the strengths of each partner, as well as where they require more support. The goal of this system is to align MDF attribution with the capabilities of each partner to enable them to achieve the best results possible. This assessment should also inform the level of vendor support necessary in relation to the goals established in the agreement.

In essence, accurately attributing budgets and MDF are critical elements of ensuring that channel partners are aligned with goals and well-equipped to deliver meaningful and scalable performance with campaigns.

4. Provide training and establish data sharing

As an extension of your in-house teams, [educating and providing training](#) to your partners is a must. This can help them focus on and navigate the evolving expectations of your buyers to provide better experiences and drive engagement.

Depending on your goals, this could include training partners on the types of content and topics best suited to your buyers—or simply keeping partners informed of the top challenges impacting your buyers.

Encouraging the sharing of data insights between partners in your partner ecosystem is also another powerful tactic for ensuring that teams are leveraging the latest intelligence for their campaigns. Consider establishing regular communication with your ecosystem (including partner to partner) to enable reporting and necessary optimizations.

Get in touch with a demand expert to strategize your channel marketing and yield the best outcomes from your partners and MDF.

[Let's drive your performance together](#) →

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The role of demand generation in channel marketing



Demand generation is a powerful driver of channel marketing outcomes, especially given the focus of channel marketing on expanding reach and enabling buyer engagement in broader markets.

In short, demand generation drives brand awareness by engaging the decision makers in buying groups at target accounts. This helps to establish a strong foundation of interest, that keeps brands and offerings top of mind for when prospective clients are ready to make a purchase.

As a result, demand generation strategies play a key role in nurturing buyers along their buyer's journey, motivating conversions and higher client lifetime value (CLTV)—by supporting seamless buyer experiences.

While demand generation marketing strategies vary depending on the goals and capabilities of each organization, they can include initiatives such as:



Competitive displacement



Content marketing and activation



Lead nurturing



Targeted display



Intent-driven marketing



Account based marketing strategies (including [ABX](#))

When applied to channel marketing, these demand generation strategies enable partners to drive valuable opportunities and establish long-term, valuable relationships with prospective buyers. As a buyer-orientation strategy, demand generation is a far more sustainable strategy than focusing on lead generation alone—and is key to amplifying the performance of partner ecosystems.

Intelligence gathered from demand generation campaigns can also inform the optimization of MDF budgets and partner marketing strategies. This can include leveraging complementary performance marketing techniques, such as pay-per-click (PPC).

[Read our expert roundup for the latest insights into driving performance with partner marketing](#) →



Key takeaways



- Channel marketing encompasses all marketing strategies launched via partnerships and partner ecosystems
- Carefully evaluate and select channel partners based on their alignment with your target audiences and their capabilities to drive performance and achieve business goals
- Provide training to your partners, enabling them with content and information to cater to your specific buyer needs
- Leverage demand generation as a framework to support your channel marketing initiatives and boost partner performance

The INFUSE demand experts are readily available 24/5 to help you plan your channel marketing strategies with custom-tailored, demand channel programs that empower your partners to deliver the performance you need.

[Let's work together](#) →



About the Author

Matt Dalton has over 10 years of experience in B2B technology media, holding leadership roles in sales and marketing across print, events, digital media, and demand generation in the partner marketing space. Matt is the head of INFUSE's specialist channel division in EMEA, and works directly with clients to craft and execute demand programs that drive channel performance.



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