



Successful Marketing Strategies for Manufacturing Businesses





The one thing every manufacturing business needs their marketing to generate, is high quality sales leads



The reason for this is simple; as a shareholder or director of a manufacturing business, you have ‘skin in the game’. If your marketing doesn’t deliver leads, you feel the pain financially and personally.

If you are a typical manufacturing business, it is likely you will have felt this pain at some point. You will have invested in marketing that didn’t get results or trusted a marketing agency to deliver growth that never happened. That led to a cynicism about marketing that further harmed your business because marketing, when done effectively, can deliver the growth your business needs.

What, then, is effective marketing?

It’s marketing that gets results and the best way to achieve that is to base everything you do on a well-structured marketing strategy. As you know from your own experience that’s easier said than done.

You’ve probably created marketing strategies or employed an agency to do so on your behalf and been frustrated when the promised growth failed to arrive.

There are a number of reasons why this happens. Foremost among them is that you and the agencies you employ are biased in your thinking. We all are. That’s because the brain is hardwired to lead us into error.



These biases affect every decision we make. What makes it harder for us to see what's happening, is that our biases are largely unconscious and their effect on strategic marketing decisions can be extremely negative, such as:

- mistaking a lucky, successful campaign for a well-thought out strategy
- taking the praise when a campaign works, blaming the market, the economy, the client, the agency etc. when it doesn't
- expecting marketing investment to lead directly to lead generation, regardless of the strategy and psychology deployed
- failure to adapt your marketing to rapidly evolving technological changes.

While most buying decisions are made on emotion, professional marketers, agencies and business owners, have to base their marketing strategy on rigorous thinking if it's going to deliver growth. This means:

- thinking and planning
- analysing data
- being aware of your biases at all times and how they are distorting your thinking.

It is common for businesses and agencies to talk about thinking, planning and evidence. The reason their marketing strategies often fail to deliver is because they don't pay sufficient attention to the many ways in which their thinking, planning and evidence might be biased.



When marketing fails to deliver the expected results, businesses generalise this failure and lose their faith in marketing. This comment from IndustryWeek is typical:

“Marketing budgets are the most unloved of all budgets at most industrial companies.”

Instead of losing their faith, these companies would be better served by questioning their strategy, the psychology used to construct it and the expectations built into it.





Building a Successful Marketing Strategy



Products and services are bought on emotion.



Successful marketing strategies are built on a foundation of clear, analytical thinking.

At Cognition, we have been creating strategies for B2C and B2B businesses for 20 years. When we are first approached we are often given numbers that marketing has to deliver, such as 20% growth within a year or 100 raw leads a month. When we look at the basis for how a business expects to achieve these objectives, there is rarely any rigour behind it. Such aspirations are little more than fantasies.

These businesses will, however, find plenty of marketing agencies willing to say they can deliver on these objectives and charge them for doing so. This collusion between client and agency inevitably ends in failure. Then the recriminations begin and belief in the power of marketing takes another hit.

The solution is to set a realistic budget, do the planning well and have a compelling story to tell. Let's look at each of these issues in turn.





Set a Realistic Budget

Marketing produces results if it's done well and the starting point for a successful strategy is setting a budget

How much is the right amount to spend on marketing?

Obviously, it depends on what you want to achieve. What matters is that you put the same rigour into your marketing as you do into your service delivery or the auditing of your accounts.

As a general guide, a 2014 survey by CMO broke down the averages for marketing investment as percentage of revenue by business type. These are the results:

- **B2B Product Businesses:** 10.6%
- **B2B Service Businesses:** 10.1%
- **B2C Product Businesses:** 16.3%
- **B2C Service Businesses:** 10.9%

While the average B2C investment is higher than B2B, the difference in Service Businesses is marginal and the average spend for all B2B businesses is in excess of 10%.

However, there are companies who spend far in excess of this on marketing. Salesforce, for instance, invests over half its revenue in marketing and it's this strategy that has enabled them to gain a 16% share of the CRM market.

Another example of carefully planned marketing expenditure to deliver growth, comes from Tableau. It is now one of the fastest growing companies in the 55-year history of business analytics software and they "expect sales and marketing expenses to be our largest category of operating expenses as we continue to expand our business."

One of our own clients, Qlik, a business intelligence company originally based in Sweden, had a high net marketing investment. Its growth was rapid and sustained and it was sold in 2016 for \$3 billion.



Plan Your Strategy Carefully

While surveys by CMO and Forrester agree that B2B marketing investment is rising, how you invest is at least as important as what you invest

The trends here are clear with most marketing investment going into digital advertising, website development and content marketing. Research by Forrester shows that 70% of B2B businesses are spending an average of 13% of operating budgets on digital advertising and 12% on content marketing.

While digital, and content are the big growth areas in marketing spend, these figures do not tell us the effectiveness of the strategies of which these investments are a part.

Given that spend is increasing while marketing budgets are the “most unloved of all budgets”, there is a clear disconnect between the amount being invested in marketing and the return on that investment.

This is because there is too much emotion and not enough clear thinking that goes into the development of marketing strategies. Businesses are run by people and people have biased brains, which means that many marketing decisions are skewed by biases, especially by our tendency to weight stories, anecdotes and commercial habits as more important than facts or statistics.

Conscious, purposeful thinking is the only way to build a successful marketing strategy and here’s our 10-point checklist of questions every marketer or business owner should ask when deciding where to invest a marketing budget:

1. Have I considered every element of the marketing mix, outbound and inbound, when creating the marketing strategy?
2. What is the evidence upon which I’m basing this strategy?
3. Is there consensus that the evidence I am using is robust?
4. What have I changed in my marketing strategy over the last three years?
5. If I haven’t changed anything, what justifies remaining with the status quo?
6. If I want to make changes to the strategy, what is the evidential basis for those changes?
7. What return do I expect the marketing strategy to deliver?
8. What is the basis for that expectation?
9. In what ways might the strategy be biased?
10. If I had to make one change to the strategy, what would it be?



Tell a Well-Structured Story

The foundation of all successful marketing strategies is having a great story to tell

The way you think about this story will depend on whether you are a buyer or a marketer.

Buyers, even B2B buyers, buy more on emotion than reason. If they like you and the story you're telling, they'll find a reason to justify their decision.

The role of a marketer is to structure the story, to evaluate the response of target customers to the story and to review and refine it on the basis of evidence.

The story of your business, products and services, should match the classic three-act structure used by screenwriters:

- 1** The **Set-Up** tells the story of why your business was formed. Ideally, this will involve finding consumers or businesses that were being poorly served or ignored by the market. You spotted this gap and offered them a way out of their misery.
- 2** The **Confrontation** tells the story of the challenges you faced bringing your products and services to market. It's a story of envious competitors and a heroic struggle for survival but your determination and the quality of what you have to offer kept you going when the odds were against you.
- 3** The **Resolution** is the ultimate triumph of your vision and persistence. The story ends with you occupying a strong position in the market with a clearly defined proposition that makes it easy for your target customers to find you, see the value you offer and buy from you.



Route to Growth

In 1998, Cognition developed Route to Growth (RTG) as the best way for manufacturing businesses to create marketing strategies that drive growth, and we have been refining it ever since. Beginning from setting objectives in less than 100 words, we undertake a thorough analysis of the current state of your marketing and branding before segmenting your audience and turning your story into key messages targeted at each segment.



RTG concludes by creating a marketing and sales process strategy and this, above all, is the key to driving growth. Linking marketing to sales is essential in drawing clear boundaries between Marketing Qualified and Sales Qualified Leads and then using those boundaries to maximise the value you get from every lead you generate.

Conclusion

Rigour, evidence and insight are the foundations on which effective marketing strategies are built. It is on this basis, that we advise our clients to allocate investment across all areas of the marketing mix. As a manufacturing business this is essential. You cannot afford to place all your budget in, say, PR or content nor can you afford to fragment your marketing by employing multiple agencies, each of which focuses on only one or two of the tactics you need to grow your business. This approach will waste time, energy and money that would be better used having a single point of reference to generate and execute your marketing strategy.

Marketing is an art, not a science. It is a discipline based on probabilities not certainties. Outcomes cannot be guaranteed but they can be made more likely and, after 20 years creating and managing B2B and B2C clients, we know that Route to Growth, a methodical, structured and proven process, significantly increases the probability of success.



about cognition

For 20 years, we've enabled businesses to generate positive, quantifiable change in sales volumes and profit margins across multiple sectors.

The marketing we deliver is integrated across all areas including digital, social, PR, content and creative.

We're one of the only UK agencies to have a dedicated Research, Data and Analytics Department, which acts as the foundation of everything we do. It allows us to gather and utilise marketing data for our clients, which makes every element of their marketing as commercially effective as the world's biggest companies, but at a fraction of the cost.