

## Strategic Marketing makes more Profit – some key results

GEMS Europe in collaboration with ECMSA and Market Planning International has completed a quantitative benchmarking study of Strategic Marketing in the chemicals, plastics and other B2B industries.

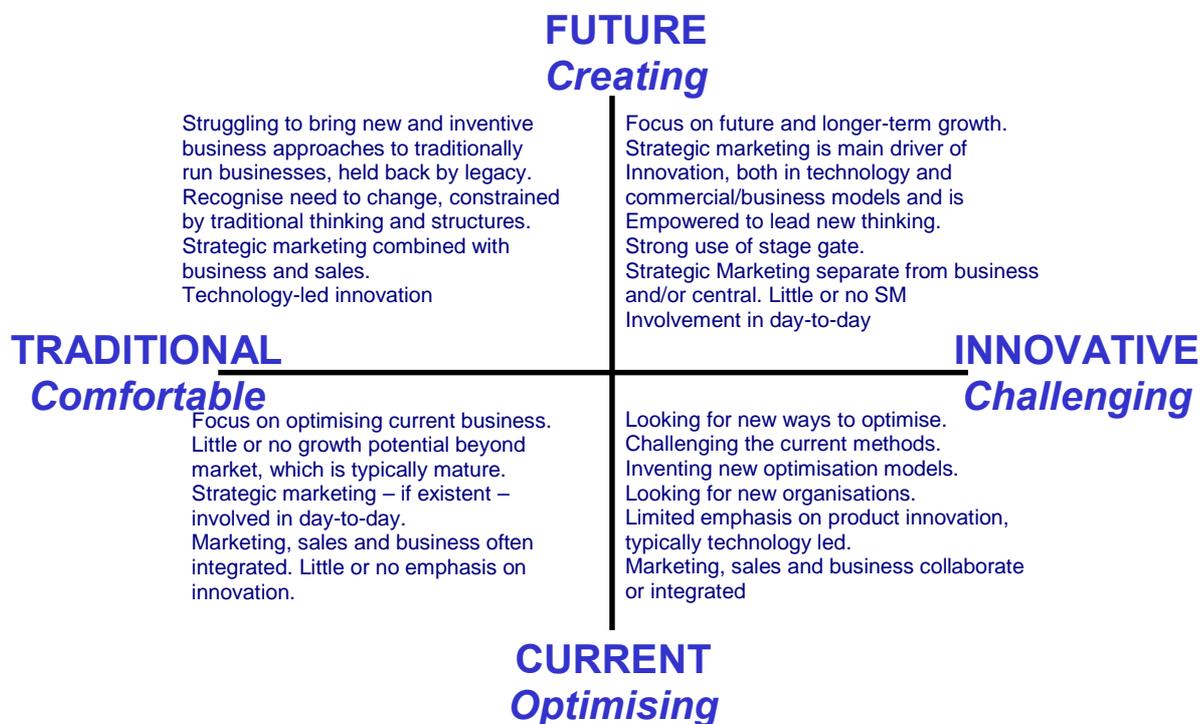
Our study actually started in 2007 with a qualitative first phase, from which we developed a key Strategic Marketing Best Practice Model and a Strategic Marketing Mindset model, which have been used to design an online survey completed by 264 participants from 86 companies in 2008. The survey will repeat every two years.

### Best Practice Model – Components

There are five key components to effective Strategic Marketing, which all need to be in place simultaneously if a company wants to achieve Best Practice:

- **Focus:** the right company orientation towards the market, customers, the future and innovation practices.
- **People:** credible commercial operators, with top management commitment and appropriate support.
- **Strategy content:** the ability to oversee a complex range of subjects and hold all the elements together in a compelling strategy.
- **Process:** streamlined analysis, planning, innovation and control processes which support strategic thinking and cross-boundary sharing, also encouraging creativity.
- **Mindset:** an unusual and demanding combination of mental attitudes required, representing the 21<sup>st</sup> Century's Renaissance man or woman!

We have identified four levels of Strategic Marketing focus, based on the orientation towards the future and innovation:



We characterised the four quadrants as:

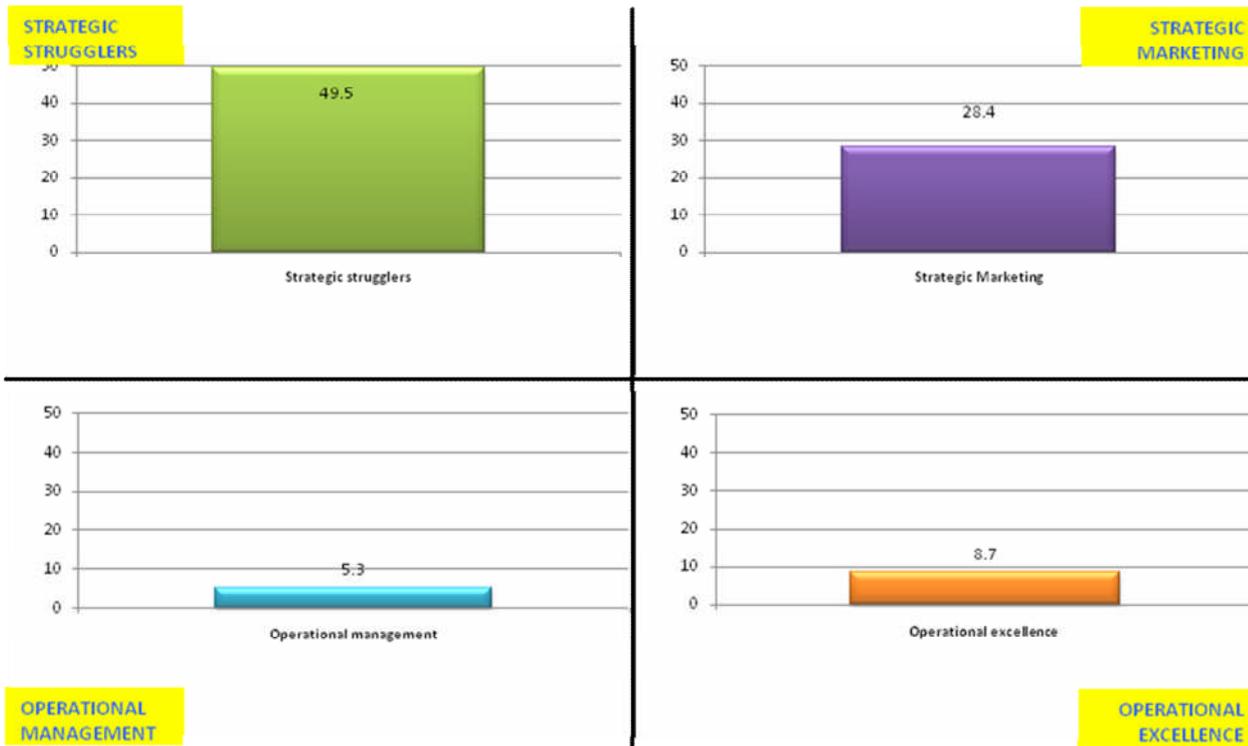
- Bottom Left = OPERATIONAL MANAGEMENT**
- Bottom Right = OPERATIONAL EXCELLENCE**
- Top Left = STRATEGIC STRUGGLERS**
- Top Right = STRATEGIC MARKETERS**

This is not to say that it is bad for some companies to be operational managers or operationally excellent. They may be running businesses requiring little in the way of Strategic Marketing to maintain an acceptable level of performance; however they must accept that they will be unlikely to ever break out of that mould so long as they ignore the combination of applying innovative practices with a future focus.

Probably the quadrant to avoid and the one where the greatest challenge exists is the Strategic Strugglers, who are there because of legacy and institutional memory. To be able to re-shape their future these companies need to break away from their traditions, challenge the sacred cows and encourage and reward inventiveness.

Our quantitative survey covered 264 respondents representing a variety of business units from 84 different companies. Based on their descriptions of their business we find almost half are actually in the Strategic Strugglers box, with a further 28% in Strategic Marketing focus.

**Chart 1: Strategic Marketing Focus**



Interestingly we find also a clear difference in the EBIT performance correlating with the Strategic Marketing Focus, where those with a Strategic Marketing Focus tend to have better EBIT performance and the Strategic Strugglers a poorer EBIT performance.

## (2) Best Practice People

Strategic Marketing Best Practice requires an active demonstration of commitment, support and leadership from the senior management team. They are the ones who must create the environment in which the Strategic Marketing role can flourish, and ensure sufficient resources are allocated for the Strategic Marketing role to succeed.

The background of people in Strategic Marketing roles in the quantitative sample come from three main disciplines:-

**36%** of respondents' companies have Strategic Marketers from a Marketing, Business or MBA background or discipline.

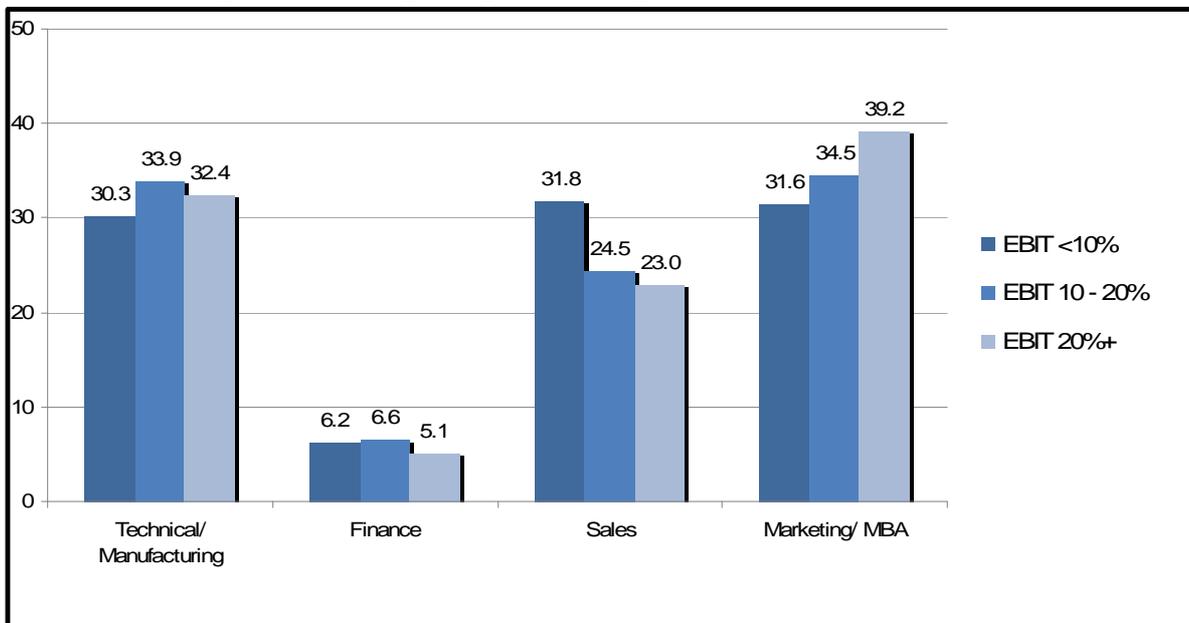
**31%** of respondents' companies have Strategic Marketers from a Technical or Manufacturing background or discipline.

**27%** of respondents' companies have Strategic Marketers from a Sales background or discipline. The balance comes from finance or other disciplines.

It remains a dilemma for many of these companies that they expect technical, manufacturing and sales people to become expert and professional marketers, often with little or no additional training, development or education, as we found only a relatively small proportion of companies with well organised training programmes for marketing and many relying on ad-hoc programmes.

Interestingly we see also a clear correlation in the best EBIT performance with those of a Marketing/MBA background.

**Chart 2: Strategic Marketing People – Background & EBIT**



### (3) Best Practice – Strategy Content

Strategic marketing has to manage a complex and fast-changing world and often has to look at things in combination rather than in isolation:-

*Markets* consist of *customers* driven by **Customer Value**. In order to be successful in those **Customer Markets**, Strategic Marketers need to develop **Value Offerings** and need to drive their own *innovation* from the *market* and keep a sharp eye on the *competition* in order to ensure that the *offerings* they bring to their customers are **Differentiated Offerings** from **Competitive Innovations** that are also **Market Innovations**.

In the process of developing their strategic content, the key components at the disposal of the Strategic Marketer are:-

*Value Chain* and *Channel* define the **Customer Markets** to which the Strategic Marketer responds by delivering a *value-priced Customer Value* based around an understanding of customer need and value reflected in the *segmentation*.

*Branding* to reinforce the *differentiation* and *positioning* of the **Value Offerings** versus **Competitive Offerings** help to sustain the *profitability* of the business.

Looking to the future for **Market Innovation** through *scenarios* and creative *ideation* processes are tempered by a sharp eye on **Competitive Innovation** in *technology* and the threat of *substitutes*. The Strategic Marketer is challenged to examine these various subjects in combination rather than in isolation and this is the hallmark of the successful Strategic Marketer to be able to make sense out of this complex web and to bring new ideas and concepts to market in a way that fulfils customer needs profitably.

### (4) Best Practice – Process

There are four key planks to best practice Strategic Marketing processes: *analysis, planning, control and innovation*. We were surprised to find such low numbers of respondents with well defined Strategic Marketing processes. In the total quantitative sample, **60%** of respondents described their company as one where basic definitions of marketing processes exist. **30%** of respondents described their company as one where marketing processes are clearly defined and applied within the business and progress on those processes is tracked, monitored and measured. In this area we also find a correlation between better described processes and profitability.

### (5) Best Practice – Mindset

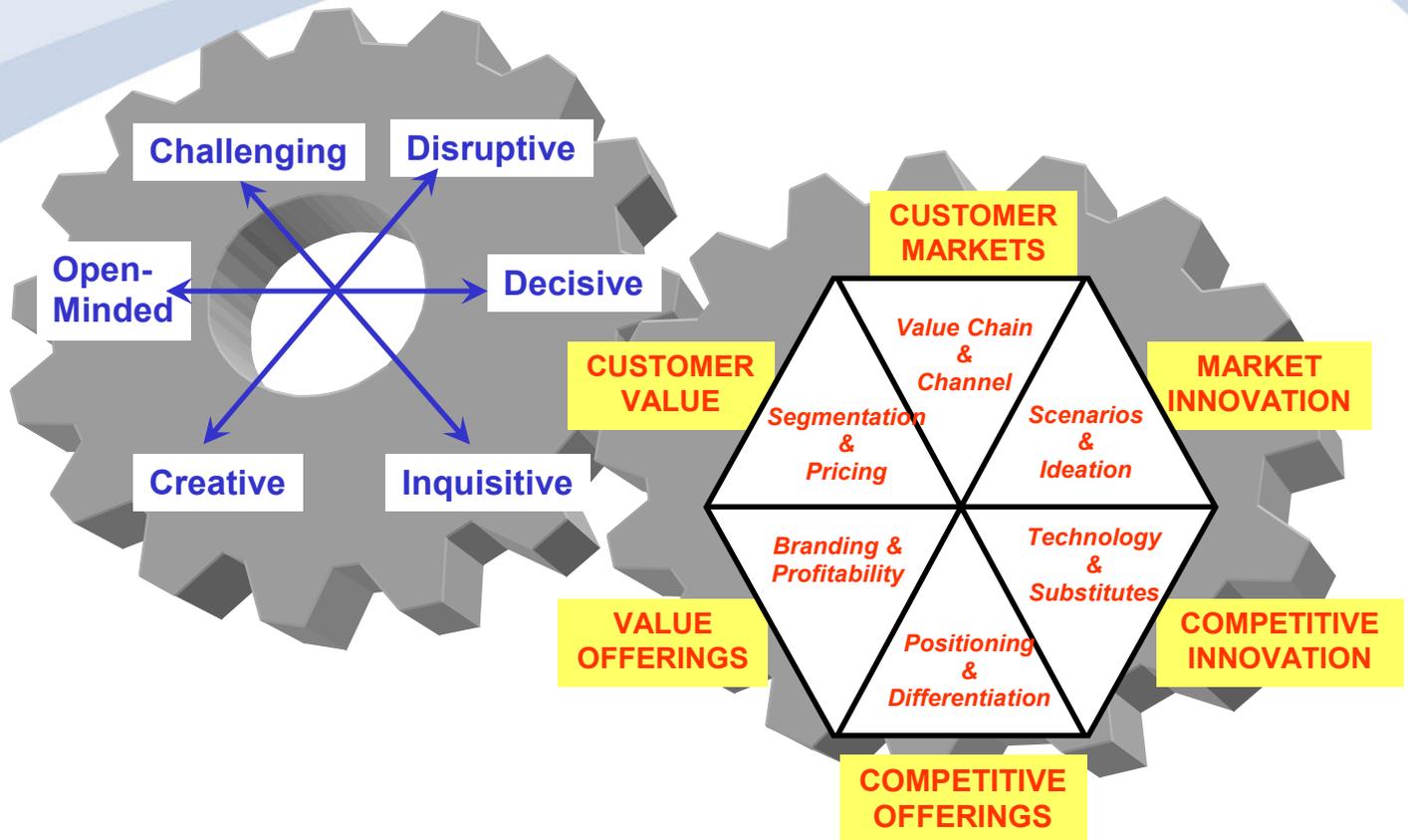
Probably one of the most revealing and challenging findings of our qualitative study is the emphasis put on mindset, which demands that Strategic Marketers exhibit the following characteristics and apply them to the various aspects of their job:

**Inquisitive; Challenging; Open-Minded; Decisive; Creative; Disruptive.**

A quick review of this model will show that a person displaying and deploying all of these characteristics and behaviours is difficult – if not impossible - to find.

### (6) Best Practice Model – Strategy Content, Components and Mindset

The real challenge for our Strategic Marketers then is to bring this Mindset to bear on the complex mix of Strategy Content and Components, which we have portrayed as two interlocking cog-wheels spinning in opposite directions. Herein lies the essence of Strategic Marketing make-up.



A full report of over 120 pages and containing more than 80 charts analysing the findings of our quantitative study can be purchased from GEMS Europe GmbH or ECMSA.

<http://www.gems-europe.com/en/shop/category/product>

<http://www.ecmsa.org/>

In the main report you can read about

- Strategic Marketing Best Practice Model
- The Future for Strategic Marketing
- Definition and Usage of Strategic Marketing
- Strategic Marketing Organisation and People
- Corporate Culture, Focus and Practice
- Current Strategic Marketing Practice
- Strategy Content
- Strategic Marketing Mindset
- Profile of A Strategic Marketing Company

There are key analyses showing differences in Strategic Marketing practices and performance by

- Commodity and specialty businesses
- Chemicals and other B2B
- Levels of profitability
- Strategic orientation of the company

Specifically the report will help you answer these critical questions

For **Executive Management and Chief Marketing Officers (CMOs):**

What needs to change in your organisation? Do you have the right people in Strategic Marketing? Who should be leading the Strategic Marketing charge? Are you enabling people to be well educated in Strategic Marketing? Do your people have a Strategic Marketing mindset? ...and much more...

For **Business and Commercial Management:**

Do you have well defined strategic marketing processes? Do you have the right people in Strategic Marketing positions? Do you have a strategic marketing focused on the future and innovation? What are the key elements of Strategic Marketing? How can I add 10% to the bottom line of my business? ...and much more...

For **Strategic Marketers:**

What are the key strategic marketing tools? Are your customer value propositions well understood and communicated effectively? What are the key issues I should be tackling as a Strategic Marketer? ...and much more...

You can request a private viewing and briefing about the results for yourself and your colleagues, whereby the survey directors, Phil Allen and Hugh Ross, will come and present their findings in-house as a briefing or as a workshop, in which you can also compare your strategic marketing activities and organisation against best practice.

You can also request a special benchmarking of your company against best practice, based on a more comprehensive study, using the survey benchmarking questionnaire.

For More Information, contact:-

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