

Habits of Successful B2B Manufacturing Companies: Marketing As Investment

One of the primary habits of successful high-tech manufacturing companies is the fact that have committed to an integrated online marketing strategy and have moved their marketing costs from the expense to the investment side of the company balance sheet. Why is this so important? Read on.

Marketing Costs as Expense vs. Investment

Definition of Expense(s): A cost or charge; a cause or occasion of spending; money paid as reimbursement for such charges.

Definition of Investment: The investing of money or capital in order to gain profitable returns, as interest, income, or appreciation in value; a devoting, using, or giving of time, talent, emotional energy, etc., as for a purpose or to achieve something.

As you can see, nothing in the definition of “expense” mentions “profitable returns” or “appreciation on value” or a “purpose of achievement.”

Until recently, businesses have assigned marketing costs to the expense side of the company balance sheet. CEOs and CFOs were aware of their marketing costs but could not make a connection between those costs and what they actually achieved or contributed to the future well being of the company.

That is why, when times got tough, the marketing budget was the first to be cut. If marketing wasn't understood, or moreover, if it wasn't strategically devised to accomplish something in the first place, the mindset was that it could be done without.

But that all changed with the onset of digital marketing.

Digital Marketing Changed Everything.

Enter the Internet and the digital age. All companies now have websites, web ads, SEO, social media, mobile devices, email, search engine optimization (SEO), and pay per click (PPC) added to “traditional” media in the marketing mix. It's the Age of Integrated Marketing!

In an article titled, “How The Internet Of Things (IoT) Will Transform High-Tech Marketing,” Steve Olenski writing for *Forbes* says, “The pace of development for the IoT is rapidly outstripping advances made in the areas of today’s electronic devices” and “this has some far-reaching implications for businesses and the marketing strategies which they should adopt.”

Increased customer engagement and interactive experiences for target customers will be an ever-increasing trend. Mr. Olenski continues: “In the future, this trend will be emphasized and developed further to encourage even tighter linkage between buyer and seller. More precise targeting of purchasing groups will likely be necessary during the age of the Internet of Things. It will become necessary to provide exactly the right message to the audience most likely to make a purchase, and in the most appealing format possible. This will require an even greater investment in advertising production, as well as better research to identify the appropriate groups to deliver the message to.”

Measuring ROI

Like any investment, you need a way to measure the return of your marketing investment. But unlike other investments, financial means cannot always be used. You must compare results to specific marketing goals that you have set.

Neil Kokemuller, in his article for the *Houston Chronicle*, “Marketing ROI: An Investment Versus an Expense,” suggests using awareness surveys and studies to gauge results after a marketing campaign that had as a goal the increase of company or brand awareness. Or, with a sales growth objective companies can track increases in sales that result during and after promotional periods. And with digital marketing helping to create leads, the tracking of those leads will give you a percentage that actually converted into customers.

CEOs Are Getting the Message: Marketing Budgets Are Increasing.

It looks like CEOs are beginning to see the value of marketing as investment. In statistics from Econsultancy and Oracle published in “10 Findings Indicate Booming Budgets for Digital Marketing” by Scott Pearson (*Infographic*, March 13, 2015):

- 77% of companies plan to increase investment in digital marketing

- 34% will invest more than half their marketing budgets on digital
- 79% plan to increase their investment in digital marketing technology
 - A/B and multivariate testing (50%)
 - CRM (48%)
 - Marketing analytics (42%)
- And 54% of agencies indicate their clients plan to recruit more people into their digital teams in 2015

Successful High-Tech Companies Know the Value of Marketing Investment:

- Samsung—The Korean company has slowly and steadily grown to become a premier consumer electronics brand. From day one, Samsung eschewed the traditional technology-driven Asian model in favor of becoming a market-driven and market-leading company.
- Apple—Apple defines the next big thing and creates game-changers in existing markets before people themselves even know what they want. It controls its channel and message better than most.
- IBM—Big Blue avoided bankruptcy by combining its hardware, software and consulting businesses to become the world's first vertically integrated IT services e-everything company and became a marketing company with an eye to the future.

(Source: Steve Tobak for *MONEYWATCH*, “10 Companies with Insanely Great Marketing”)

The Time Has Come to Make YOUR Investment.

So, CEOs and CFOs, if you haven't done it already, you need to start viewing your marketing costs as an investment not an expense. Start by doing your research and develop an integrated online marketing strategy with specific, measurable goals aimed at your target B2B customer.

In a world where your industry, technology, and customer wants and needs are constantly changing, and competition is ever-increasing, you can't afford not to put marketing first. You NEED to make it an investment in your company's future or risk falling behind. That's what the industry leaders are doing—join them on the road to success!

This is another blog in our continuing effort to prepare your high-tech B2B company for future trends, technologies, and practices that will affect your business success.

Keep an eye out for our next installment. And be sure to read our previous blogs at <http://blog.strandmarketing.com/blog>