

Strategic Marketing can improve profitability and growth in Chemicals, Plastics and B2B Markets

Many B2B industries, and the chemicals industry is no exception, do not return enough on their investments, especially in the more mature economies where markets tend to become more "commoditised".

These companies create a lot of value for their customers, but fail to capture that value back. The chemical industry is a prime example, delivering and creating value for its customers in every industry sector from automotive through construction to electronics, engineering, IT to personal care, food and other fast moving consumer goods. Their customers apply lots of pressure to try to commoditise the offers and the chemicals companies often succumb to these pressures. This weakness is often down to poor marketing on the part of the chemicals companies (and this is equally true of other B2B companies in their respective markets). **We estimate that it loses them at least 10% off their bottom line.**

The salvation is to hand in the guise of Strategic Marketing, a discipline that brings real customer focus to an organisation and helps them to address the future needs of their customers with innovative approaches in products, services, business models and other aspects of creating a differentiated customer experience.

The proof of this can now be studied and read in a new report published this month: **"Strategic Marketing in the Chemicals, Plastics and Other B2B Markets."**

This unique report enables you to benchmark your current strategic marketing performance against best practice, identify what you do well, what needs improvement and what you need to do differently.

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...

This unique and detailed report is a must for all marketers and those wanting to improve the performance of their marketing departments and functions.

Covering a spectrum of B2B markets with a strong focus on the chemicals and plastics industry, this report what best practice strategic marketing involves and how to set it up and implement within an organisation. It is based on a qualitative and quantitative study conducted by GEMS Europe GmbH and Market Planning International in collaboration with ECMSA (European Chemicals Marketing and Strategy Association). The study is based on responses from almost 300 marketing executives, directors, managers and practitioners representing almost 100 organisations.

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

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

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

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.

The plan is to repeat this study every two years (next survey in Q1 2010), expanding the base to cover a broader cross-section of industry sectors and markets

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Some key points from the study:

- Strategic Marketing must be led from the top and driven down through all levels of the organisation
- Strategic Marketers from a Marketing/MBA background have a greater impact on bottom-line profit performance
- Market Value Chain Analysis and Customer Value Segmentation are the foundations of Strategic Marketing Excellence and Best Practice
- Strategic Marketing processes need to be well defined and applied
- Customer Value Propositions must be well understood internally and communicated excellently and effectively to customers
- The Strategic Marketing Mindset is an important factor in approaching the tasks of Strategic Marketing to ensure positive results: **inquisitive, challenging, open-minded, creative, decisive, disruptive**

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.

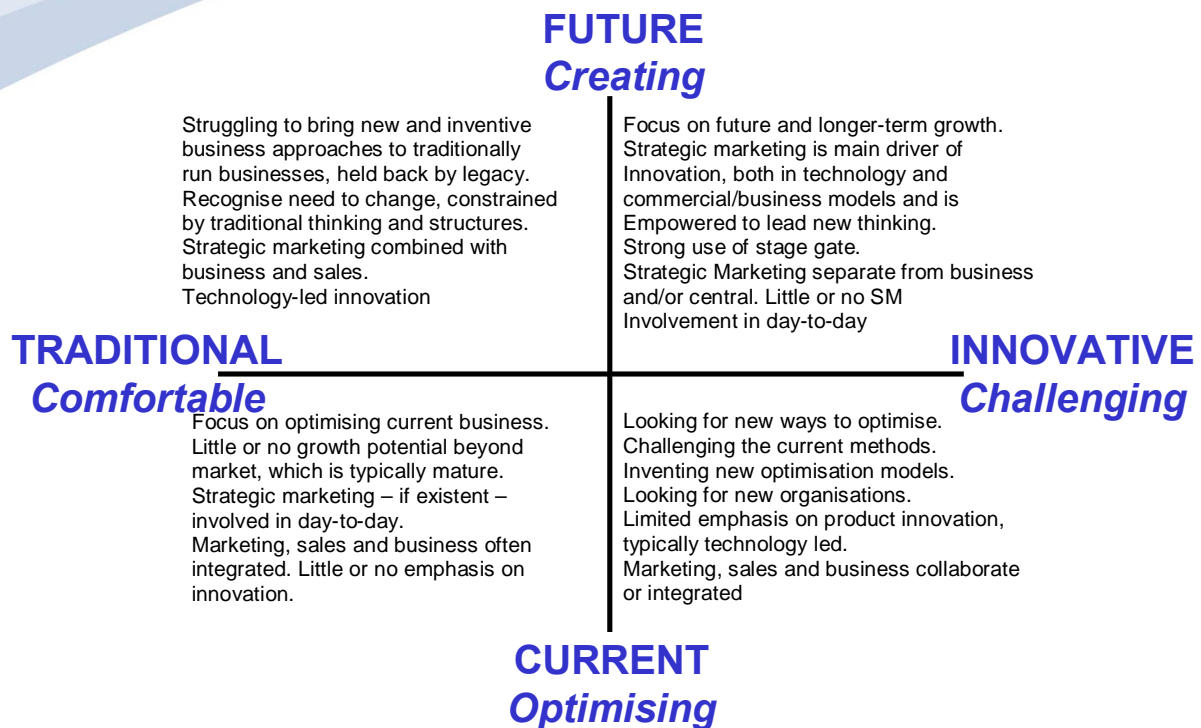
Our study actually started in 2007 with a qualitative first phase, from which we developed a key Strategic Marketing Best Practice Model and a Strategic Marketing Mindset model, which have been used to design an online survey completed by 264 participants from 86 companies in 2008. The survey will repeat 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 21st 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:

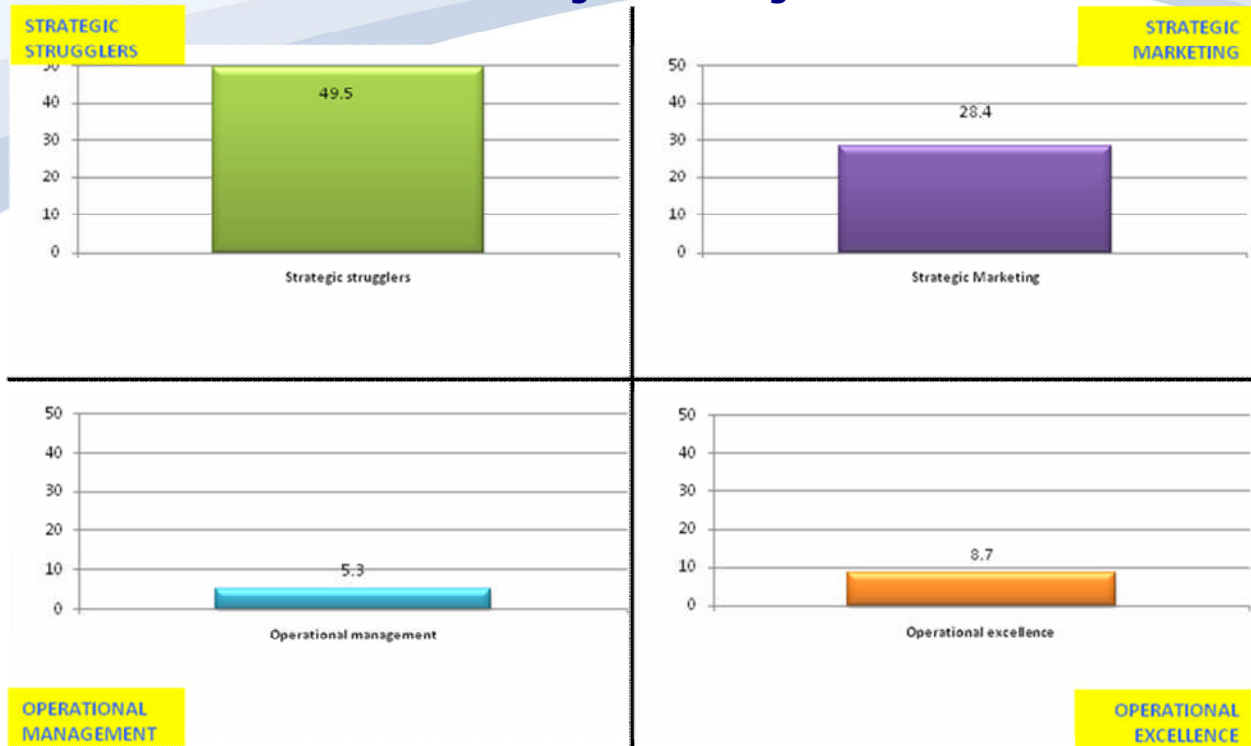
Bottom Left	= OPERATIONAL MANAGEMENT
Bottom Right	= OPERATIONAL EXCELLENCE
Top Left	= STRATEGIC STRUGGLERS
Top Right	= STRATEGIC MARKETERS

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



It is worrying that such a large proportion of our sample finds themselves in the Strategic Strugglers quadrant, suggesting many opportunities for improvement.

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

Best Practice – Mindset

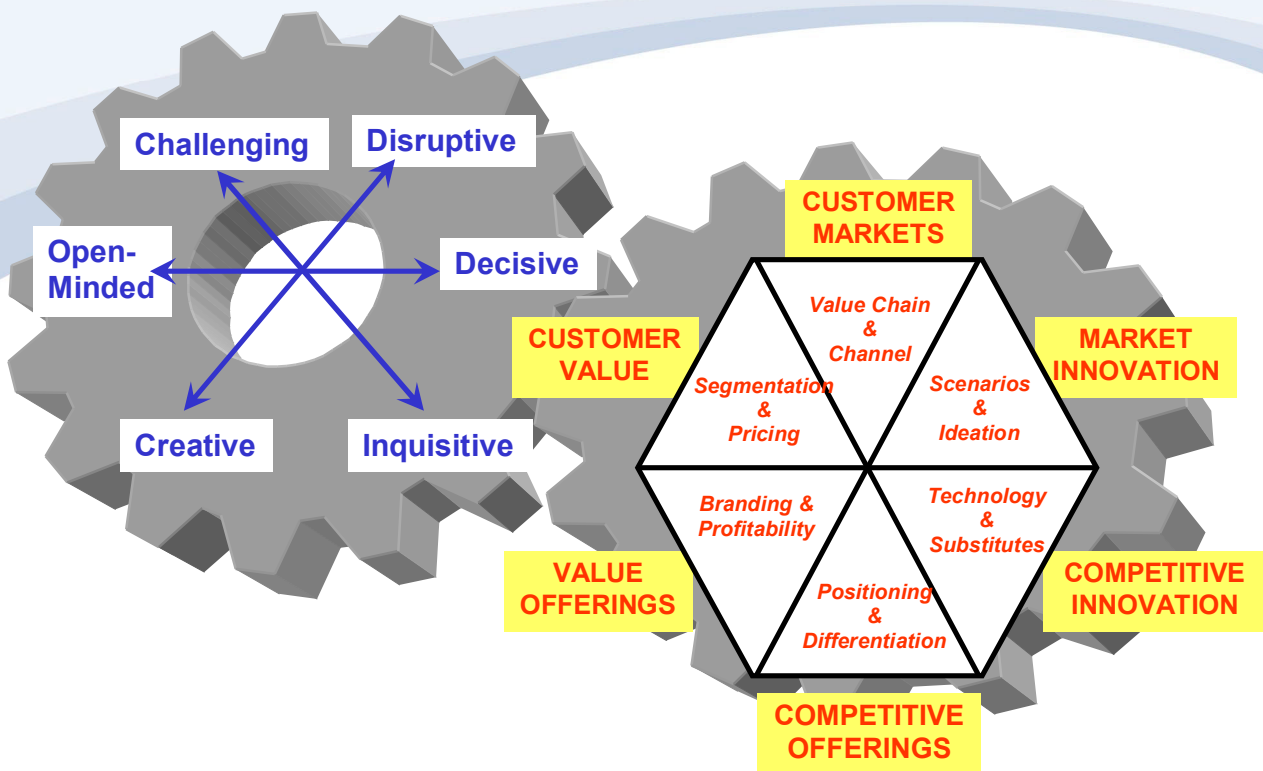
Probably one of the most revealing and challenging findings of our qualitative study is the emphasis put on mindset, which demands that Strategic Marketers exhibit the following characteristics and apply them to the various aspects of their job:

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.

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.



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

A full list of the report contents is shown on the next page.

Introduction

- Purpose
- Phase 1 Information Results
- Phase 2 Results
- Research Method
- Sample Overview

Strategic Marketing Best Practice Defined

- Best Practice Model - Components
- Best Practice – People
- Best Practice – Strategy Content
- Best Practice – Process
- Best Practice – Mindset
- Best Practice Model – Strategy, Content, Components, Mindset

A Future for Strategic Marketing

- Conclusions
- Recommendations

Strategic Marketing: Definition and Usage

- Summary of Findings
- Conclusions and Recommendations
- Strategic Marketing – definition
- Strategic Marketing – usage

Strategic Marketing: Organisation and People

- Summary of Findings
- Conclusions and Recommendations
- Strategic Marketing - organisation
- Strategic Marketing – role definition
- Strategic Marketing – people
- Strategic Marketing – Training and Development

The Corporate Culture, Focus and Practice

- Summary of Findings
- Conclusions and Recommendations
- Leadership and Marketing Culture
- Strategic Marketing Focus
- Customer Value Propositions – internal communication and understanding
- Customer Value Propositions – external communication to customers
- Focus on Customer Value

Current Practice Profiled

- Summary of Findings
- Conclusions and Recommendations
- Strategic Marketing Tools
- Strategic Marketing Processes

Strategy Content

- Summary of Findings
- Conclusions and Recommendations
- Strategic Marketing Model

Strategic Marketing Mindset

- Summary of Findings
- Conclusions and Recommendations

APPENDICES

- Strategic Marketing Model
- Strategic Marketing Mindset
- The Strategic Marketing Company Profile
- Strategic Marketing Processes