

WATERLOO REGION TECHNOLOGY MARKETING SPOTLIGHT



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“Because the purpose of business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.”

—Peter Drucker

Welcome!

And thanks for taking an interest in this project! I hope you learn as much from reading this report as I did preparing it.

As I said at the outset, my aim is to produce a report that provides us all – the technology marketers and company leaders of the Waterloo Region, and perhaps beyond – with common understanding of shared issues, priorities, challenges, concerns, and more.

At the very least, I hope to spur productive discussions, but my ultimate goal is to help to advance our region's tech marketing effectiveness by bringing tough subjects to the fore.

Why? Because without effective marketing, the ceiling above us is artificially low, and we can't let that happen. We need to give our world-changing, life-saving, innovative, powerful, amazing things a fighting chance in the market!

I'd like to thank everyone who participated in and supported the survey component – there's really no substitute for the genuine insights you shared, and your commentary brings the data to life. And thanks also to the fine folks who proofread the early draft!

—Lee Brooks, *Cromulent Marketing*

TL;DR

This report shines a light on the Waterloo Region technology scene, in general, and on technology marketing, in particular.

We combine a comprehensive top-down study of publicly available company information with a bottom-up survey of technology marketers to shine a spotlight on the region's tech ecosystem and the people who call it home.

The resulting insights, while not always surprising, are nonetheless instructive.

The Ecosystem

While Waterloo Region's tech companies participate in no fewer than 66 industries, a baker's dozen form the foundation of our economy: these 13 appear in the lists of top 20 industries both by number of companies, and by number of employees.

While attention is lavished upon start-ups, fewer than 10% of tech employees work for a company that hasn't yet celebrated its fifth birthday; in contrast, more than 50% work for a company founded before 2002 – even ignoring OpenText and BlackBerry.

Statistically speaking, Waterloo Region's scale-ups should be bigger: they seem to hit barriers at roughly the 200-, 250-, 500-, and 1000-employee marks. More investigation is needed to learn whether this observation is an anomaly or a sign of some deeper challenge.

The People

Marketers make up 4.2% of the tech workforce of Waterloo Region-based tech companies, but that average hides enormous variation. On one end of the spectrum, some relatively large companies devote as much as 17% of their headcount to marketing. On the opposite end, and somewhat alarmingly, a large number of companies seemingly don't have any dedicated marketing resources at all – including companies with more than 50 employees.

Only 15% of survey respondents have accrued 15 or more years of experience, but there's a large cohort of younger marketers joining the ranks.

When it comes to getting organized and directing our efforts, the survey reveals that understanding of objectives, strategies, and tactics declines significantly as we move down the organizational hierarchy. Consequently, Executives should regularly circle back with their teams to make sure objectives and strategies, in particular, are well-understood.

On a related note, Middle Managers and Individual Team Members reported that *Changing priorities* is the most frequent challenge they face.

Enabling greater sales effectiveness is the most challenging marketing objective; the most significant sales enablement challenge is *Creating differentiation versus alternatives*. One major contributing factor is relatively poor bottom-of-funnel content, in general, and a significant dearth of technical content, in particular – both of which are clear findings.

“Marketing is a battle of perceptions, not products. All that exists in the world of marketing are perceptions in the minds of the customer or prospect. The perception is the reality. Everything else is an illusion.”

—Al Ries & Jack Trout, in *The 22 Immutable Laws of Marketing*

“A company without a story is usually a company without a strategy.”

—Ben Horowitz, in *The Hard Thing About Hard Things*

“One of the most dangerous outcomes for a startup is to bumble along in the land of the living dead.”

—Eric Ries, in *The Lean Startup*

“People can come up with statistics to prove anything. Forty percent of people know that.”

—H. J. Simpson

Looking for More?

Check out [our website](#) for more information, including additional tidbits, methodology, and more.



“There are three kinds of lies: lies, damned lies, and statistics.”

— Benjamin Disraeli (but popularized by Mark Twain)

Where do we work?

Let’s start by exploring the companies that make up the local technology ecosystem, including their industries, employment impact, and scaling characteristics.

The Industrial Evolution

The Waterloo Region is renowned as a hotbed for innovation and entrepreneurship, but what’s often missed in this characterization is the sheer diversity of the companies that make their home here.

Even if we limit ourselves to LinkedIn’s restrictive category list, we still find that the region’s tech companies participate in no fewer than 66 industries.

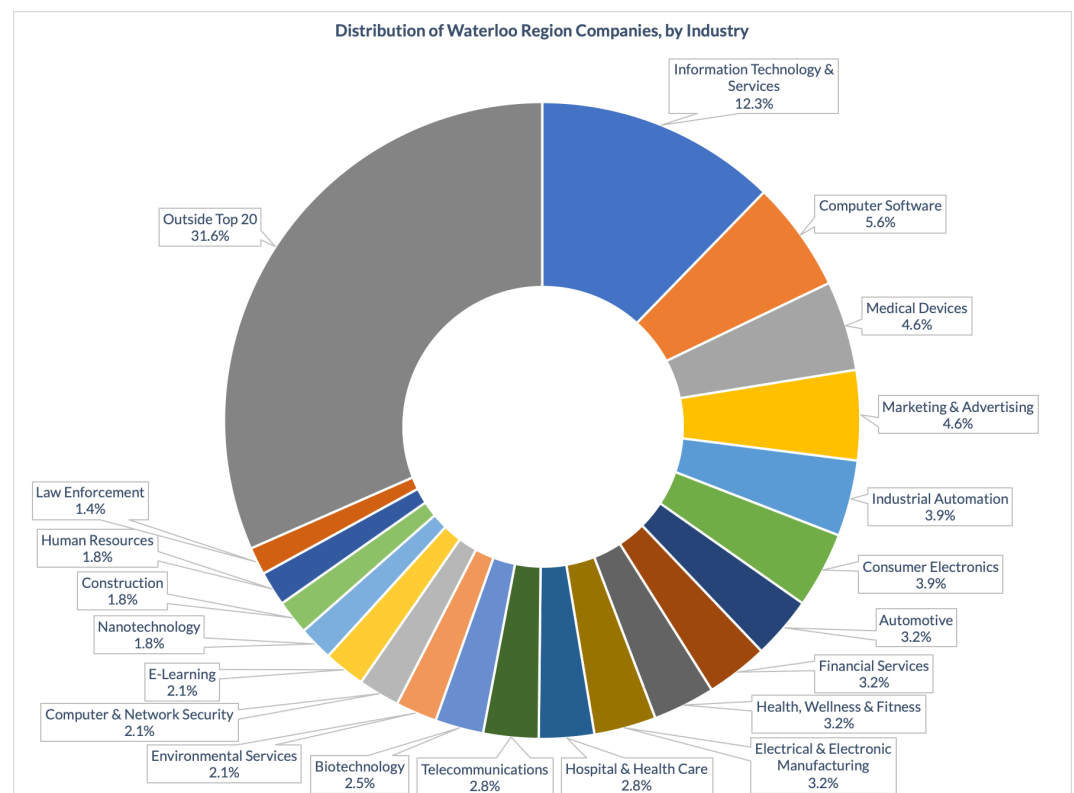
The top 20 industries – led by the ambiguously unhelpful *Information Technology & Services* and *Computer Software*, with *Medical Devices* and *Marketing & Advertising* close behind – account for roughly two-thirds of all the region’s tech companies.

Top-20 Countdown

By company count, the top 20 industries, account for roughly two-thirds of companies

Points for Participation

Waterloo Region’s tech companies participate in at least 66 industries – overwhelmingly in B2B models



While the top 20 make up a diverse range, the long tail tells the story more fully. It includes at least 46 additional industries, many of which only contain one or two local companies.

Let’s get one thing out of the way: LinkedIn’s category options are terrible. First, the list forces far too many tech companies into an almost-meaningless catch-all like *Information Technology & Services*, or *Computer Software*. Second, limiting each company to a single industry is unrealistic. It’s really a shame, and it impacts the utility of the platform. </rant>



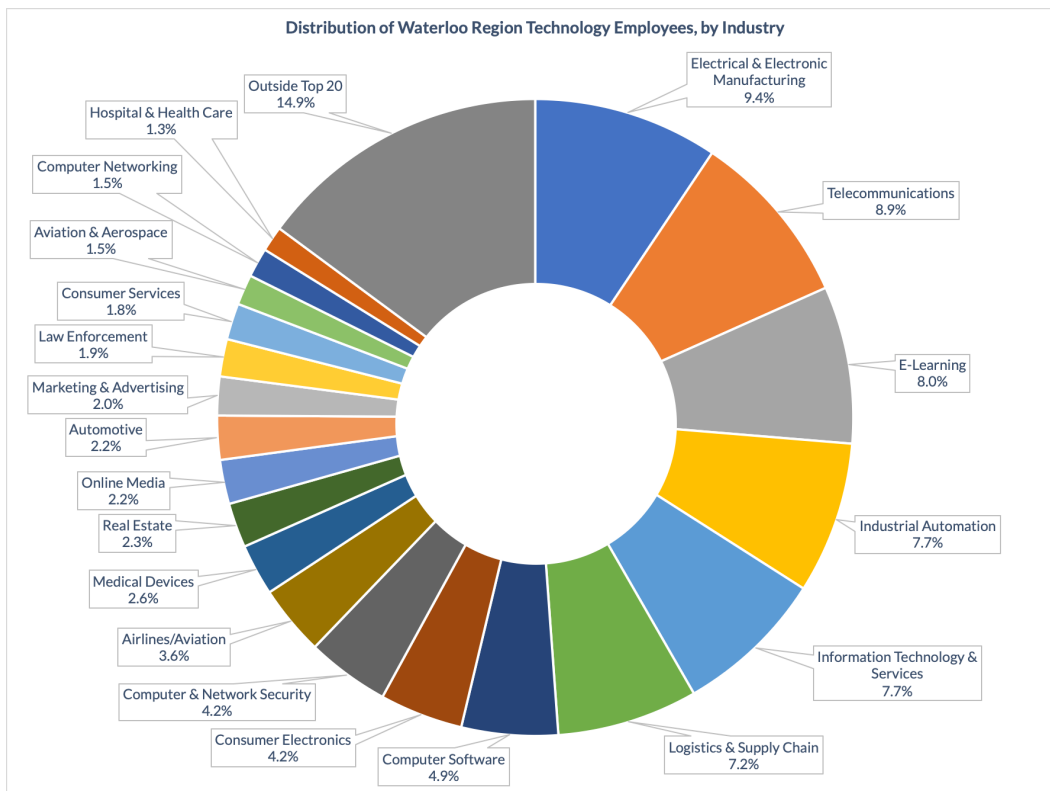
The long tail includes (presented in alphabetical order):

Accounting	Food Production	Music
Airlines/Aviation	Fundraising	Nonprofit Organization Management
Apparel & Fashion	Furniture	Online Media
Aviation & Aerospace	Gambling & Casinos	Package/Freight Delivery
Civic & Social Organization	Government Administration	Pharmaceuticals
Civil Engineering	Higher Education	Real Estate
Computer Games	Information Services	Renewables & Environment
Computer Networking	Insurance	Research
Consumer Goods	Leisure & Travel	Restaurants
Consumer Services	Logistics & Supply Chain	Sporting Goods
Education Management	Machinery	Sports
Entertainment	Maritime	Transportation/Trucking/Railroad
Events Services	Mechanical or Industrial Engineering	Utilities
Facilities Services	Media Production	Wireless
Farming	Mental Health Care	Writing & Editing
Food & Beverages		

Takin' Care of Business (TCB)

When we look at industries by employee count, a somewhat different picture emerges:

- First, we no longer have a truly dominant sector;
- Second, the rank order of industries has changed substantially; and
- Third, the relative drop from position-to-position is much lower



The Tale of the Tail

The long tail makes for a tremendously diverse portfolio of at least 46 industries

“Are our market-specific commitments sufficiently focused and intense to win market power? Are we winning fast enough? Do we have a clear line of sight to our growth opportunities in adjacent market segments?”

— Geoffrey Moore, in *Escape Velocity*

Heavyweights

By employee count, the top 20 industries account for 85% of employees

Elephants in the Room

OpenText and BlackBerry dominate the employee count of region-based companies.

To avoid skewing results beyond meaning, they're both omitted from this report/analysis.



Lucky Number 13

13 industries appear on both top-20 lists; these industries contribute enormously to the economic stability of the Waterloo Region

Economic Drivers

13 industries rank in the top 20 by both company count and employee count. Because they're home to quite a few companies, each of which has quite a few employees, these industries are vital for the region's economic stability.

Industry (Alphabetical)	Rank by Employee Count	Rank by Company Count	Mean Number of Employees per Company
Automotive	14	7	30
Computer & Network Security	9	15	84
Computer Software	7	2	37
Consumer Electronics	8	6	46
E-Learning	3	16	159
Electrical & Electronic Manufacturing	1	10	125
Hospital & Health Care	20	11	19
Industrial Automation	4	5	84
Information Technology & Services	5	1	26
Law Enforcement	16	20	57
Marketing & Advertising	15	4	18
Medical Devices	11	3	24
Telecommunications	2	12	134

The Tipping Point

Even ignoring OpenText and BlackBerry, more than 50% of employees work for a company founded before 2002; fewer than 10% of employees work for a company that hasn't yet celebrated its fifth birthday

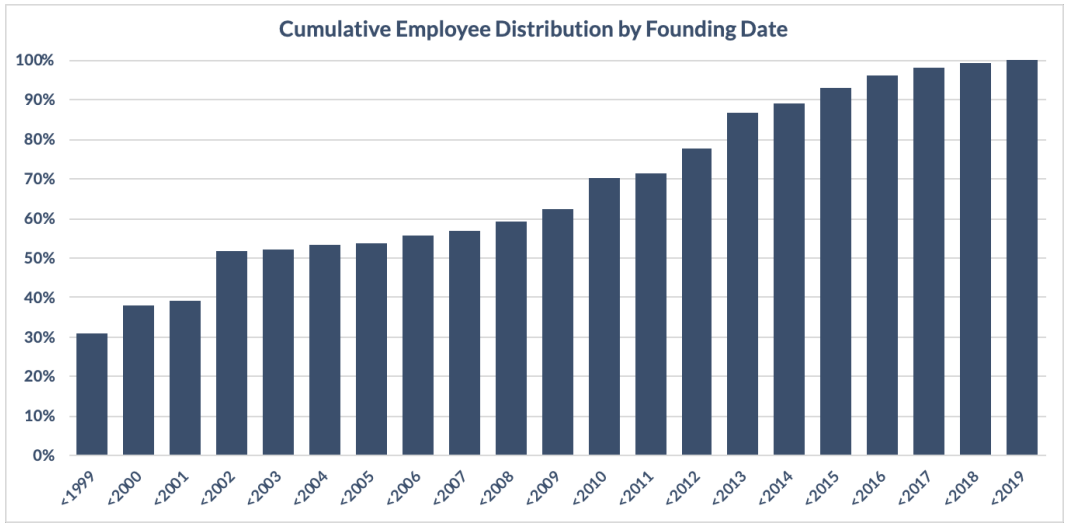
The Age of Majority

Start-ups get lots of attention: they're new, exciting, and boast the allure of potential. But in terms of employment, young companies account for a relatively small fraction of the tech workforce. The figure below shows the percentage of tech employees who work at a company founded before a particular year.

A quick glance shows that more than half of the region's tech employees work for a company founded before 2002. Moreover, fewer than 10% work for a company that hasn't yet celebrated its fifth birthday.

Pareto Would Be Proud

Ignoring OpenText and BlackBerry, the largest 20% of companies employ 80.1% of workers – Vilfredo Pareto would be proud!



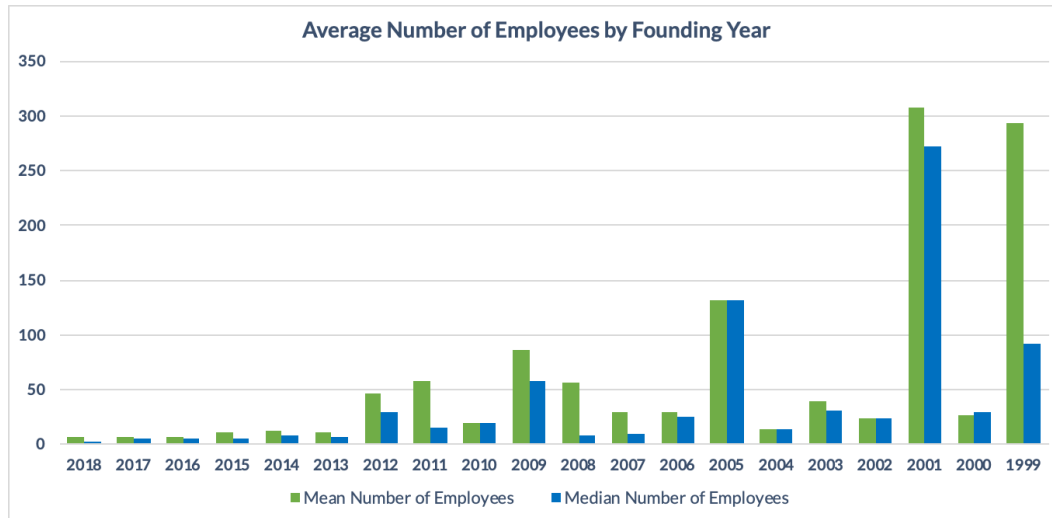
Most early stage technology companies can't afford a full-time marketer, but need marketing to fuel their scaling efforts; without something to fill the gap, scaling is slower and less efficient.

We discuss this challenge in [*Minding the Gap*](#).



Diving deeper shows us that older organizations employ substantially more people, per-company. There are two factors at work: first, they've had time to grow; second, there's a survivor bias – only successful companies survived to be included in this report.

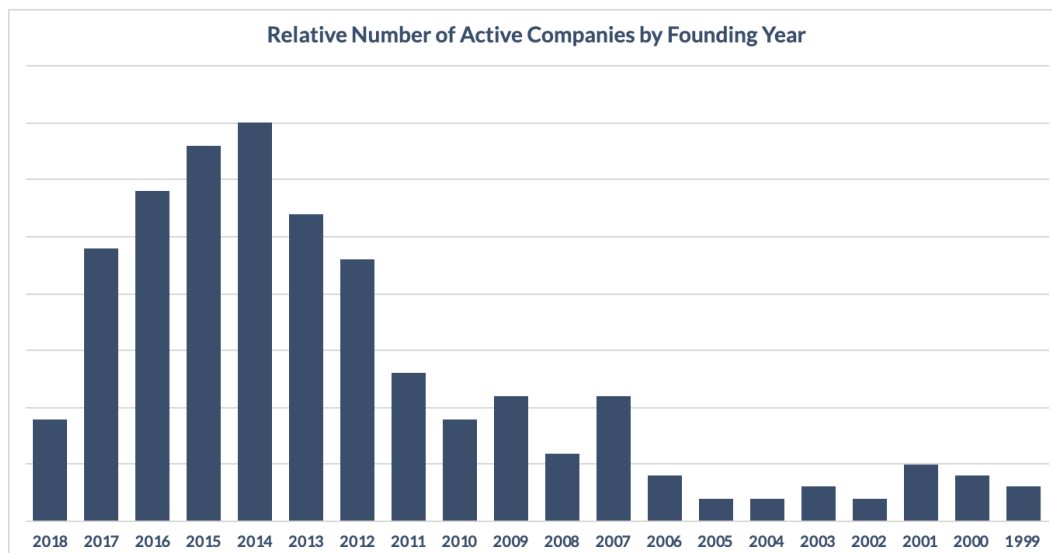
While this observation isn't surprising, the particulars are, nevertheless, remarkable.



Start-ups...as far as the eye can see!

Another reason why start-ups dominate headlines is that *they're plentiful*. This fact becomes abundantly clear when we plot the relative number of companies by founding year.

Unfortunately, without historical records of the number of companies started in a given year, we can't say much more. Is the relative dearth of companies on the right side due to low survival rates? Or maybe low start-up rates at points in the past (perhaps following the dotcom crash)? It's likely that a combination of factors is at play.



Some Good Years

Comparing the mean and median shows some major discrepancies that are due to particularly successful companies:

Year	Companies
1999	Desire2Learn
2001	eSentire Eclipse Automation Sandvine
2005	Miovision
2008	Igloo Dejero
2009	Clearpath Kik Kognitiv Magnet Forensics TextNow
2011	Auvik Axonify Vidyard
2012	North

And Some Bad Years

After the dotcom bubble burst in the early 2000s, venture funds dried up.

In the later aughts, structural changes prevented Canadian venture capital firms from being able to raise money.

Statistically speaking, Waterloo Region's scale-ups should be larger: they seem to hit barriers at approximately the 200-, 250-, 500-, and 1000-employee marks.

We explore this peculiar phenomenon in [*Growing Pains*](#).

Transferable Skills

Executives have, on average, five more years of general marketing experience than Middle Managers...but roughly equivalent length of experience in technology marketing

Walking Contradictions

Executives are more likely to hold technical credentials than the other groups; they're also more than three times as likely not to have any formal post-secondary education

Bookworms

Executives and Middle Managers are more than twice as likely as Individual Team Members to stay up-to-date using **Books**

Nerd Alert!

When it comes to extra certifications, **Pragmatic Marketing** is the runaway winner – almost 28% of survey respondents have completed at least one such course

Who Are We?

We wanted to understand how experiences, responsibilities, perspectives, and opinions differ based upon a respondent's role within the organization – so we asked participants to indicate which of three labels best characterize their position: Executive, Middle Manager, or Individual Team Member?

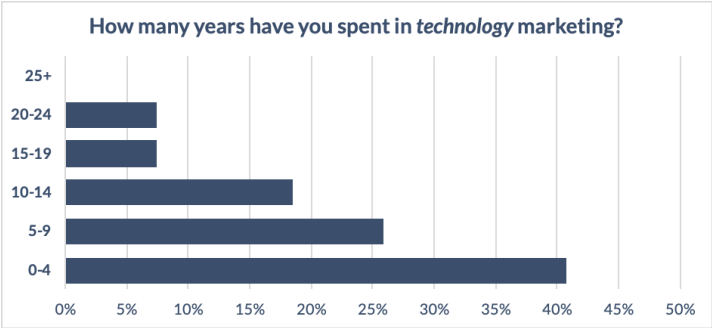
Throughout the remainder of this report, we'll compare and contrast responses from these three groups, so let's get to know them a bit:

Group	Executive	Middle Manager	Individual Team Member
Age	~40	~37	~31
Years in marketing	~14	~9	~5.5
Years in tech marketing	~9.5	~9	~5.5
Stays up-to-date through...	1. Blogs, articles, newsletters, and similar formats 2. Conversations with friends and colleagues 3. Books (whether physical or the e-variety)	1. Conversations with friends and colleagues 2. Blogs, articles, newsletters, and similar formats 3. (tie) Books (whether physical or the e-variety) (tie) Social media	1. Blogs, articles, newsletters, and similar formats 2. Conversations with friends and colleagues 3. Conferences, seminars, workshops, and the like
Post-secondary education in a technical field	23%	16%	9%
Post-secondary education in business, marketing, etc.	62%	53%	82%
Post-secondary education in another field	23%	32%	32%

Almost three quarters of survey respondents are between 26 and 45 years of age, with the average age landing in the early-to-mid thirties; roughly 15% are 46 or older, while a little under 12% are 25 or younger.

Just over 20% of the region's technology marketers have more than 15 years of experience in marketing (in any field), with a relatively large population of less experienced marketers coming up through the ranks.

When we narrow our focus to *technology* marketing, the picture looks a little different, but the story is similar: with this restriction applied, only 15% of respondents have accrued 15 or more years of experience.



The Trailblazers

15% of survey respondents have accrued 15 or more years of experience in technology marketing



Image credit: Ugnys Vasyliute

Moreover, the data shows that while many marketers enter the technology sector very early in their careers, some experienced marketers made the switch later, from other fields.

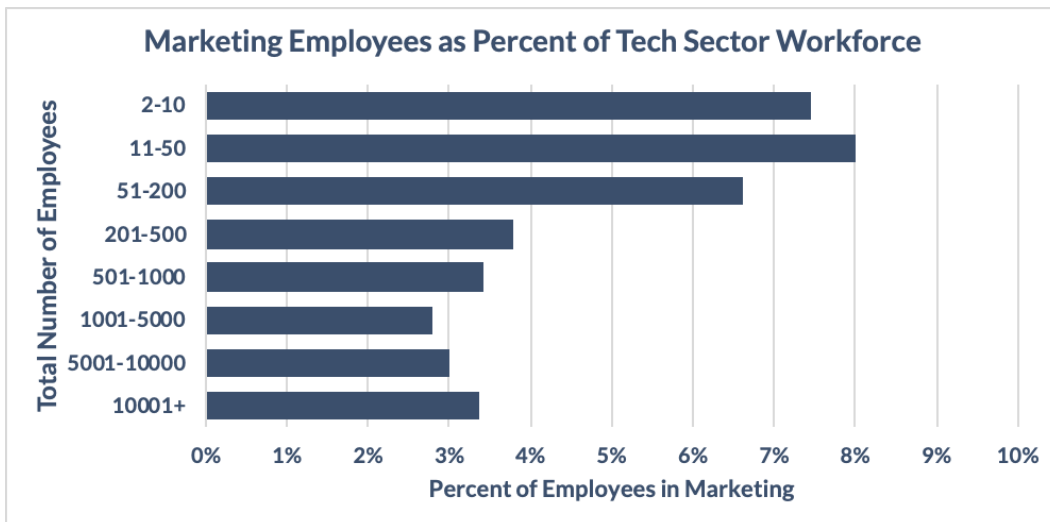
This development bodes well for the region, as drawing in senior marketers lets us learn from their experiences. Hopefully, these lessons serve as effective counterweights to the widespread misconception that everything in tech is brand new and needs to be invented.

We Are (sometimes) Legion

Building an effective marketing team should be a priority for every organization. But how much of an organization's headcount should marketing represent? The answer is subjective and variable, and depends on all sorts of factors; what we can do, however, is provide some benchmarks about what's happening in the real world.

In the Waterloo Region, marketers make up 4.2% of the tech workforce, but:

- Smaller companies have proportionally larger marketing teams
- The 51-200 range is heavily influenced by eight companies who each devote 11% to 17% of headcount to marketing
- The 2-10 and 11-50 ranges are enormously variable



Alarmingly, a large number of companies seemingly don't have any dedicated marketing resources (at all). While some of these companies are relying on agencies and consultants, and others are dividing marketing activities across the team, the suspicion is that many aren't really 'doing' marketing in any meaningful capacity.

Get One in Every 2-4

In the Waterloo Region, marketers make up 4.2% of the tech workforce

Ummmm...

Somewhat alarmingly, a large number of Waterloo Region companies seemingly don't have any dedicated marketing resources at all, including:

- Approximately 70% of companies in the 2-10 employee range (understandable)
- Roughly 40% of companies in the 11-50 employee range (seems ...not great); and
- Almost 10% of companies in the 51-200 employee range (very, very confusing)



"When should I hire marketing people?"

We get asked this question a lot, and our answer is three-part:

- You should think about marketing right at the start
- You can get by for longer than you think without in-house marketing personnel
- Exactly when and how you scale marketing in-house depends on your situation

“Inside-out thinking is the biggest barrier to success. Outside-in thinking is the best aid.”

—Al Ries & Jack Trout, in *Positioning*

What Do We Do?

Broadly speaking, marketers fulfill two crucial functions. As experts in our target markets...

- We bring intelligence into the organization to inform requirements, competitive strategies, long-term growth initiatives, and other important decisions
- We apply that knowledge to take our solutions into the market effectively, to reach and create demand within prospects who are looking to solve problems

In overly simple terms: we bring market information in, and we take solution information out. In the real world, these activities divide into a range of job functions.

Diff'rent Strokes

Executives are much more likely to be involved in **Solution Marketing** and **Corporate Communications**

Middle Managers and Individual Team Members are much more likely to be involved in **Business Development**

“Wha...What would you say ya do here?”

—Bob Slydell, *Efficiency Expert*



The radar charts indicate the percentage of respondents within a group who indicated that they perform, manage, or ultimately oversee a particular function.

It's clear that Executive scope is, on average, much broader than the other groups – which should surprise precisely no one. Specifically, the largest functional differences are that Executives are much more likely than other groups to be involved with **Solution Marketing** and **Corporate Communications**.

Middle Managers and Individual Team Members share a significant amount of functional similarity, with the main difference being that the former group has a higher likelihood of involvement with most functions.

Notably, both Individual Team Members and Middle Managers are much more likely to be involved with **Business Development** than are the Executives.

About 25% of respondents indicated other responsibilities, including **Competitive Intelligence**, **Channel and Partner Marketing**, **Systems Development**, and **Proposal Management**.

Casting Those Pods

If you'd like to learn from other local marketers, check out our [Crommunity Podcast](#).



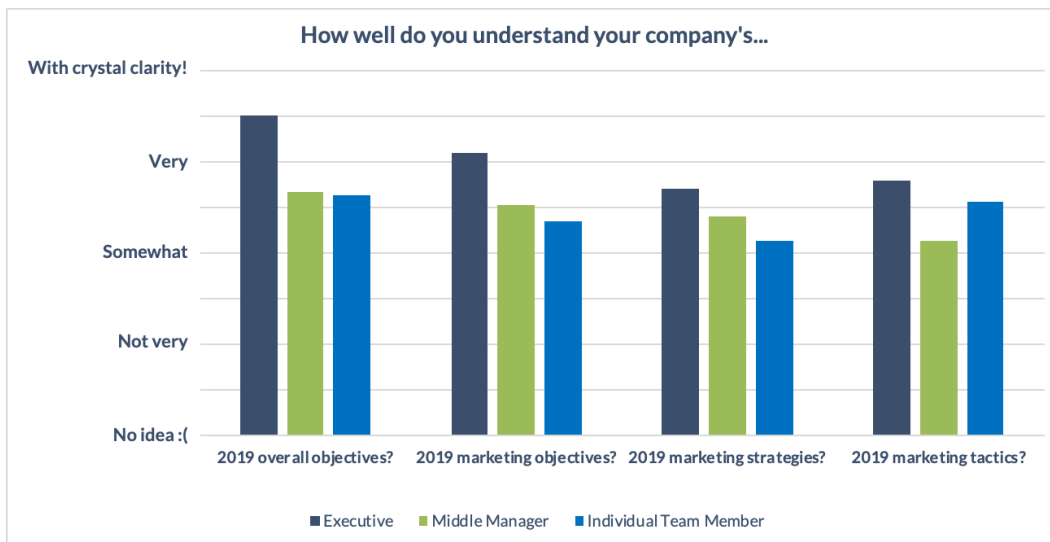
The Basics: Objectives, Strategies, and Tactics

Any significant act of leadership has three parts:

- First, clearly define the objective, to provide the team with a common purpose
- Second, determine the strategies by which you'll achieve your objective – it's critically important that every part of every strategy is dedicated towards achieving the objective, as each and every distraction lessens your chance of success
- Third, select and employ tactics that enhance and implement the strategy

Following this 'order of operations' determines whether you're being productive, or just busy; unfortunately, as organizations grow, it's challenging to get everyone aligned.

To quantify the challenge, we asked survey participants how well they understand their respective companies' objectives, strategies, and tactics.



Executives indicated the highest confidence in their understanding of everything – overall objectives, marketing objectives, marketing strategies, and marketing tactics.

For the most part, comprehension declines as we move down the org chart, with one exception: Individual Team Members are confident they understand their organization's marketing tactics quite well – essentially to the same level as they understand the organization's overall objectives.

Interestingly, the larger the scope, the bigger the separation between the Executives' reported level of understanding and that of the next group: that is, the largest separation is for overall objectives, the second-largest is for marketing objectives, the third-largest for marketing strategies, and the smallest for marketing tactics.

These responses suggest a clear takeaway for executives: check in periodically with your teams to make sure objectives and strategies are clearly understood.

"The tactics must be developed only to support the strategy, and the strategy is there only to secure the objective... What you do not do is let clever tactics distract you from the strategy; nor do you let the sophistication of the strategy blind you to the overall objective."

—Gavin Esler, in *Lessons from the Top*

As Clear as Mud

For the most part, understanding declines as we move down through the org chart; all leaders should regularly circle back with their teams to make sure objectives and strategies are well-understood

"The first rule of organizational design is that all organizational designs are bad. With any design, you will optimize communication among some parts of the organization at the expense of other parts."

—Ben Horowitz, in *The Hard Thing About Hard Things*

An old story tells of a visitor who encounters three stonemasons working on a medieval cathedral, and asks each what he is doing. *"I am cutting this stone to shape,"* says the first, describing his basic actions. *"I am building a great cathedral,"* says the second, describing his intermediate goal. *"And I am working for the glory of God,"* says the third, describing his high-level objective.

—John Kay, in *Obliquity*

“Startups routinely outperform incumbents in disrupted markets. How come? Because they are not conflicted.”

—Geoffrey Moore, in *Zone to Win*

Say What?

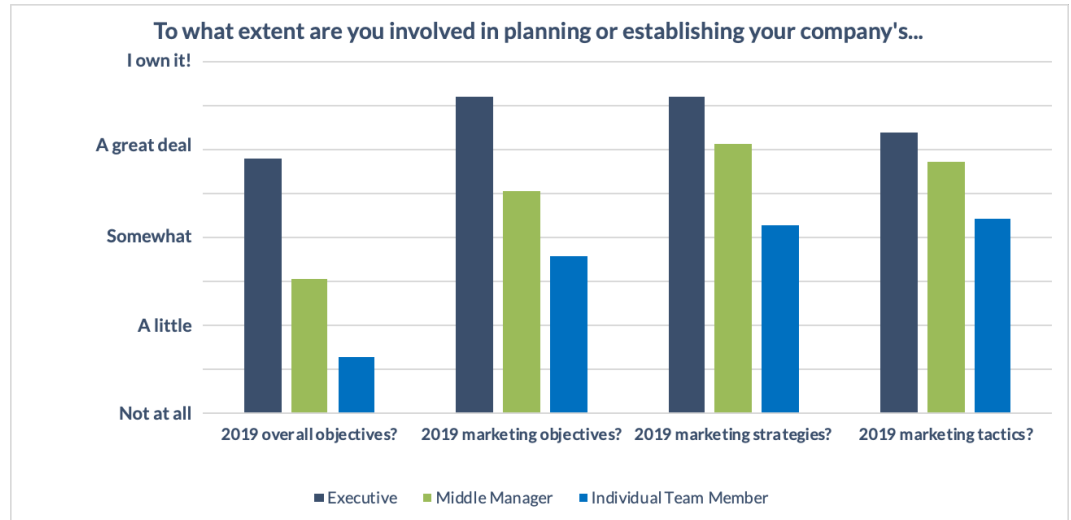
“There is intense pressure to focus on tactics first (and only) and our tactical focus shifts on a daily and weekly basis as a result of not being anchored to any strategic direction.”

—Survey Respondent

Let it Go, Let it Goooo!

Executives should commit to empowering, and delegating to, Middle Managers and Individual Team Members to select the most effective strategies and tactics

Next, we wanted to understand the extent played by Executives, Middle Managers, and Individual Team Members in determining company activities.



Of the three groups, Executives play the largest role in contributing to overall company objectives, averaging roughly “a great deal”. Executives play an even larger role in marketing objectives, which makes sense: while marketing executives contribute to overall objectives, they basically own the marketing domain. Executives also report owning the marketing strategies, which again isn’t shocking.

Middle Managers report little involvement in establishing overall objectives, significantly higher contributions to marketing objectives, and a great deal of involvement in planning marketing strategies; similarly, they report a great deal of involvement in marketing tactics.

Individual Team Members have barely any involvement in establishing overall objectives, are somewhat involved in marketing objectives, a little bit more involved in marketing strategies, and still more (but even then, only “somewhat”) involved with marketing tactics.

Executives also reported the highest level of involvement in planning or establishing marketing tactics. This result came as a surprise, because in high-functioning hierarchical organizations, tactical matters are typically delegated: leaders explain *what* or *why* something needs to be done, and trust the team to determine the best *how*.

“Your employee should know more about her function than you. She should have more data than you. You may be wrong. As a result, your goal should be for your feedback to open up rather than close down discussion. Encourage people to challenge your judgment and argue the point to conclusion.”

—Ben Horowitz, in *The Hard Thing About Hard Things*



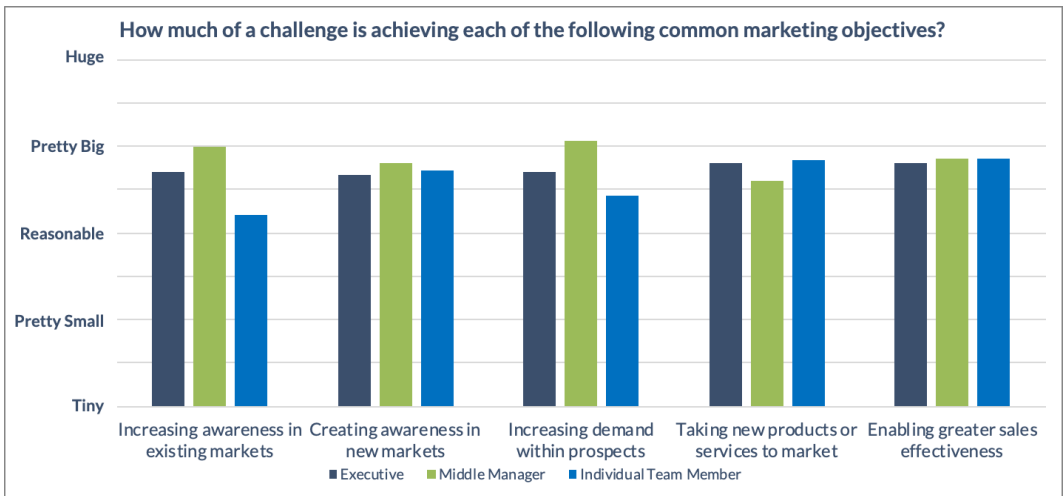
Marketing Objectives

We asked survey participants to rate how much of a challenge it is to achieve a number of common marketing objectives; the results were extraordinarily consistent, both across objectives and across roles – on average, practically everyone rated everything as a “Reasonable”-to-“Pretty Big” challenge.

Really zooming into the data shows that *Enabling greater sales effectiveness* poses the biggest challenge, averaging very close to “Pretty Big” in our qualitative rating system. For whatever it’s worth, this challenge also showed the least variation between roles, so it seems that the respondents all agree on its severity.

The ‘least’ challenging (but still a “Reasonable” one) is *Increasing awareness in existing markets*. Interestingly, this challenge showed the greatest variation, with Middle Managers considering it to be “Pretty Big”, Individual Team Members rating it “Reasonable”, and Executives falling in the middle.

What can we take away from these results? Clearly, marketing objectives aren’t easy to achieve, so we need to choose our strategies and tactics with care to maintain focus.



Sales+Marketing

Enabling greater sales effectiveness is the most challenging marketing objective, on average, with all three groups in very close agreement as to the severity

That said, Middle Managers consider *Increasing demand within prospects* and *Increasing awareness in existing markets* to be even tougher

Say What?

“In my company, marketing was started properly with hiring a very experienced and strategic, senior executive from the start. For this reason, objectives and strategy, the ‘true north star’ is clear. Thus, no time is wasted on things that do not help the strategy.”

—Survey Respondent



Image credit: Joseph Barrientos

Bridging the Gap

Well-developed solution and use case messaging speak the market’s language and appeal to prospects’ desire to solve problems.

Keep in mind that use cases and success stories are closely related, but nevertheless distinct: while use cases explain what you can do, in theory, success stories showcase social proof of what you’ve already done in the real world.

Webba Lebba Deb Deb!

Executives and Middle Managers consider the company **Website** to be the single most important marketing tactic; Individual Team Members chose **Hosting customer events** as the most important tactic, with the **Website** a close second

Website is the only tactic to average “Very” important

In Welcome News...

All three groups rated **Organic digital** more important than **Paid digital**

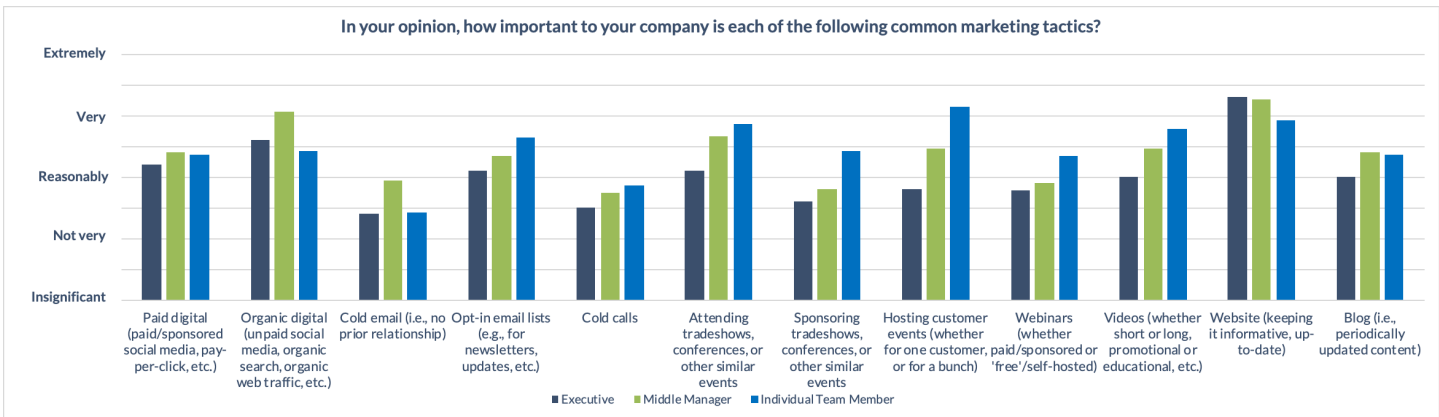
Talkin’ Tactics

Much ink has been spilled, and many a pixel populated, on the subject of marketing tactics.

Tactics are important, obviously – they’re the part where stuff gets done – but they have to work for you, and not the other way around.

We wanted to understand which tactics are being employed by the region’s marketers, and we started by asking about the perceived importance of particular ones. Without belabouring the trivia, here are a few highlights:

- Executives see the company **Website** as the single most important marketing tactic – and by a pretty sizeable margin over the second place, and closely related, **Organic digital**
- Middle Managers are in close agreement with the execs, with the slight difference being that Middle Managers view **Organic digital** as almost on the same level as the **Website**
- Individual Team Members selected **Hosting customer events** as the most important tactic, albeit with the **Website** a very close second (a whisker ahead of *Attending tradeshow, conferences, or other similar events*)
- **Website** is the only tactic that, on average, was rated as being “Very” important
- All three groups rated **Organic digital** as being more important than **Paid digital**; for both, we need to keep in mind that getting digital marketing right is a necessary, but insufficient, part of the overall marketing puzzle – it needs to be accompanied by strong messaging and quality, purposeful content
- **Videos** are solidly middle-of-the-pack, averaging just a titch above being “Reasonably” important, and there’s rampant disagreement about just how important they are (or aren’t); *Opt-in email lists* and *Blogs* live in the same neighbourhood, with the latter exhibiting less variability

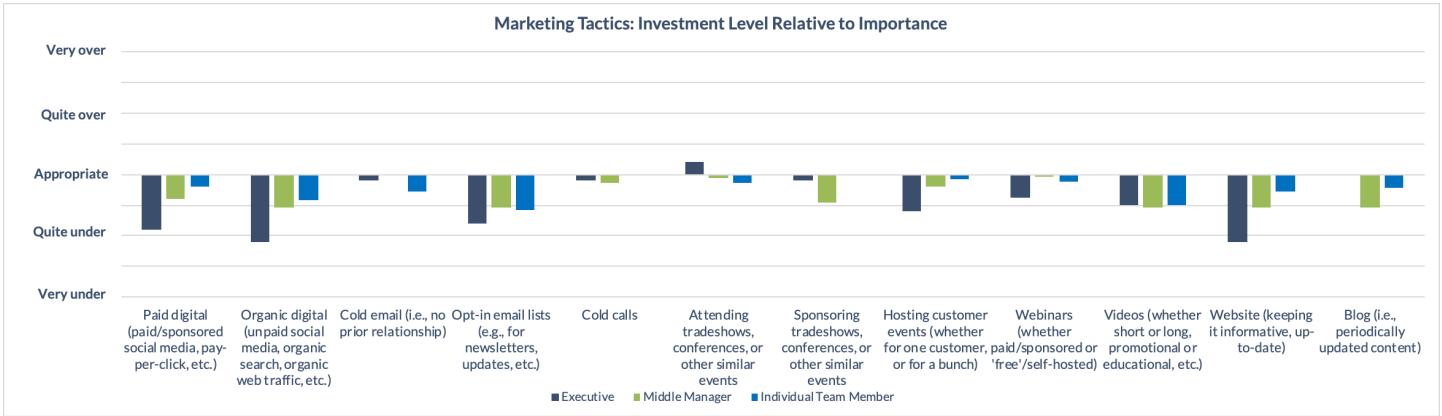


We also asked participants to rate the level of investment that each tactic receives, and those responses gave us the data we needed to perform the ever-popular, insightful, and practical exercise of gap analysis.

In *The Digital Dilemma*, we explain that digital marketing and strong content (which conveys a clear message) are two sides of the same coin – to be worthwhile, each needs the other.



Image credit: Steve Johnson



The most obvious outcome of simple arithmetic (the scale is consistent between the graphs) is that there’s almost complete agreement that we’re underinvesting in, well, everything. Sure, Executives think *Attending tradeshows, conferences, or other similar events* eats up too much investment, but that’s – literally – the only member of the over-investment club.

Notably, Executives have the strongest opinions about the magnitude of underinvestment, but that’s not a surprise – have you ever heard of an Executive who was satisfied with resourcing?

Averaging across all our respondents, *Organic digital* is perceived to have the largest gap between importance and investment level, followed closely by *Opt-in email lists* and *Website*. *Videos* sit alone in fourth; so, while they’re not seen as remarkably important, there’s broad agreement that they warrant more investment than they receive.

Bumps in the Road

Establishing objectives, choosing strategies, and selecting tactics are only half the battle: next, the ‘real’ work needs to be done, and it’s rarely smooth sailing.

To understand what gets in the way, we asked respondents to what extent they encounter each of a number of common challenges.

On average, the challenge encountered most frequently is *Changing priorities*. This top ranking is largely the result of Middle Managers and Individual Team Members, both of whom suggested that they encounter the problem “Frequently”. Executives, however, aren’t in agreement: they ranked *Changing priorities* fifth on their list, with *Not enough resources* in the top spot, consistent with the previous gap analysis.

Across all three groups, *Don’t know what’s needed, or why* was ranked the least common challenge, being encountered somewhere between “Rarely” and “Occasionally”, depending upon whom you ask.

Good News / Bad News?

There’s almost complete agreement that we’re underinvesting in, well, pretty much everything

Organic Panic

On average, respondents indicated that *Organic digital* has the most significant underinvestment

Well, This Is Awkward...

Changing priorities is the most frequent challenge for Middle Managers and Individual Team Members (Executives ranked it fifth)



Image credit: João Silas

We all know that B2B buyers complete 60% of the buying journey before we even learn about them. That stat is cited everywhere, so it must be true.

But...is it?

Learn the terrifying truth in [Facts, Factoids, and the Most Over-Cited Statistic in B2B.](#)

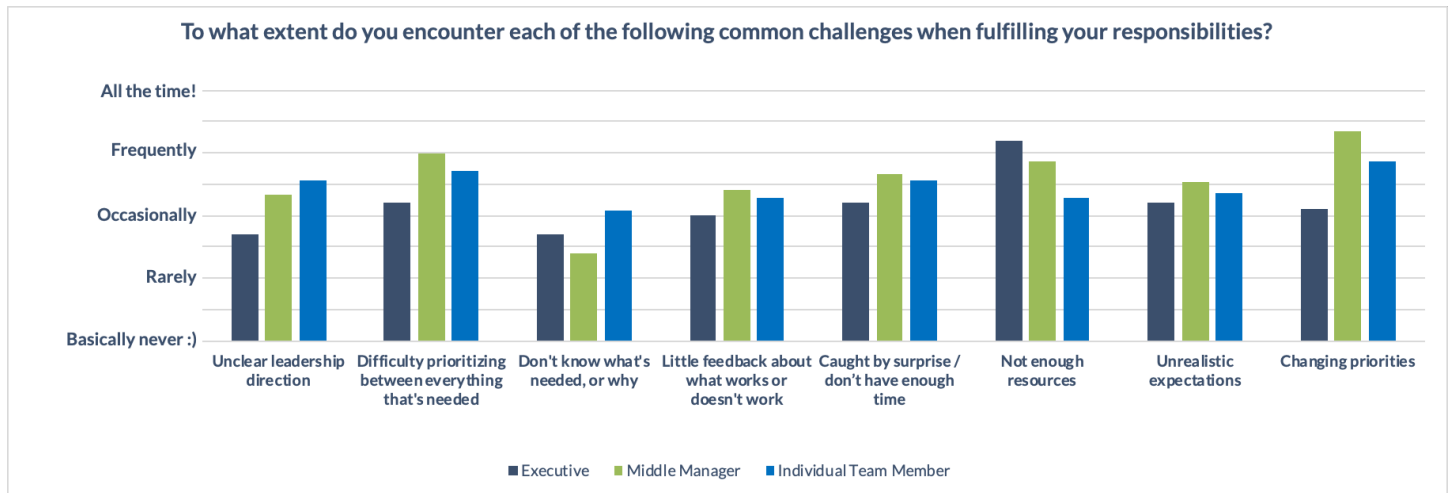
Say What?

“We currently don't have a clear direction from the top-level down, making it difficult for marketing to align resources to drive results and measure effectiveness.”

—Survey Respondent

Our respondents encounter the other six challenges with similar frequency, so we'll just highlight a few interesting points:

- Individual Team Members face *Unclear leadership direction* more frequently than Middle Managers, who in turn face the challenge more frequently than Executives
- While Executives reported a lack of resources is the most frequent challenge, Middle Managers only ranked *Not enough resources* third overall
- Perhaps because they occupy the central layers of the corporate hierarchy, Middle Managers are challenged with *Difficulty prioritizing between everything that's needed* more frequently than the folks above or below them on the ladder



The Tyranny of Tactics

Many start-ups and scale-ups doom themselves with a well-intentioned, but dangerously stifling, overemphasis on marketing tactics.

Businesses have a very short runway to hit a trajectory of sustainable, long-term growth; when applied poorly, tactics create enormous, sneaky waste – in time, money, and effort.

We review some common mistakes and we explore some important warning signs in [The Tyranny of Tactics: Is an over-focus on marketing tactics dooming your business?](#)



Much Ado About Messaging

Messaging bridges the gap between your company and your audiences (e.g., customers, partners, investors, potential employees, etc.) by creating shared understanding.

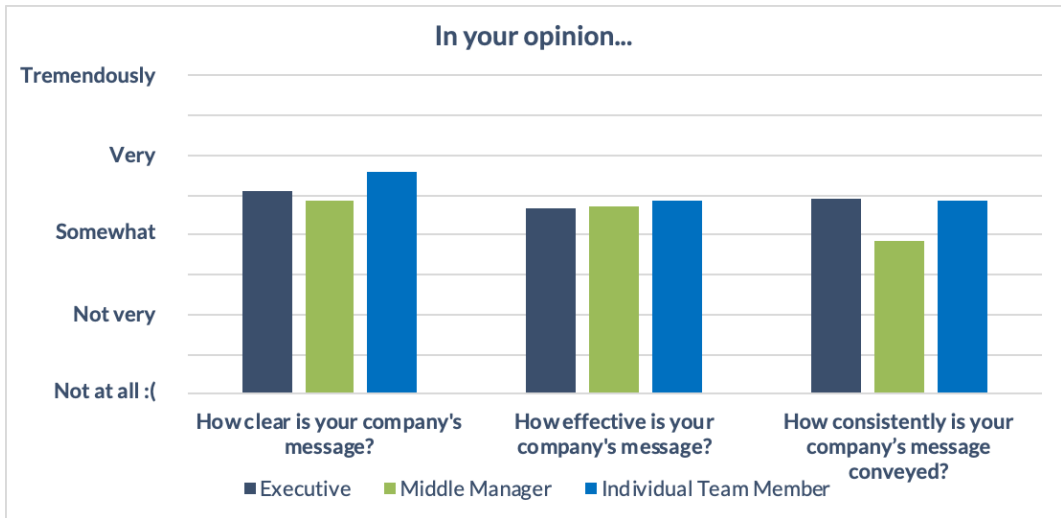
Effective messaging grabs your targets' attention, and quickly shows them the value of what you do, the meaningful differences in how you do it, and the importance of why you do it.

In short: your message matters.

Unfortunately, as companies grow – adding people, introducing new products and services, venturing into new markets – messaging usually suffers. Few organizations have a well-defined core message that's delivered consistently across all media; this inconsistency creates confusion in the marketplace, most dangerously among potential customers (who crave clarity and certainty).

To better understand the state of messaging for the region's technology companies, we asked survey participants three questions:

- In your opinion, how clear is your company's message?
- In your opinion, how effective is your company's message?
- In your opinion, how consistently is your company's message conveyed?



The answers reveal two main insights:

1. There's general agreement about the state of messaging
2. The state of messaging is OK, but not great

Collectively, respondents find their companies' messages to be:

- Somewhere between "Somewhat" and "Very" clear
- "Somewhat" effective; and
- Delivered only "Somewhat" consistently

"Your stakeholders assemble their understanding of your brand from the bits of information they take in from a wide variety of sources."

—David Nour, in *Co-Create*

Say What?

"That is my job, to put the messaging in consistent format for all types of communication – no matter whether sales, engineering or product management is using it, and to fine-tune it for different customer scenarios."

—Survey Respondent

Our Messages Matter

Are we satisfied with messages that are only "somewhat" clear, that are only "somewhat" effective, and that are delivered only "somewhat" consistently?

Our founding philosophy is that your message is at the core of everything you do – everything else is just media and content to convey that message. Getting your messaging right is critical to all your marketing activities and your business as a whole.



Better Outside-In, I Always Say!

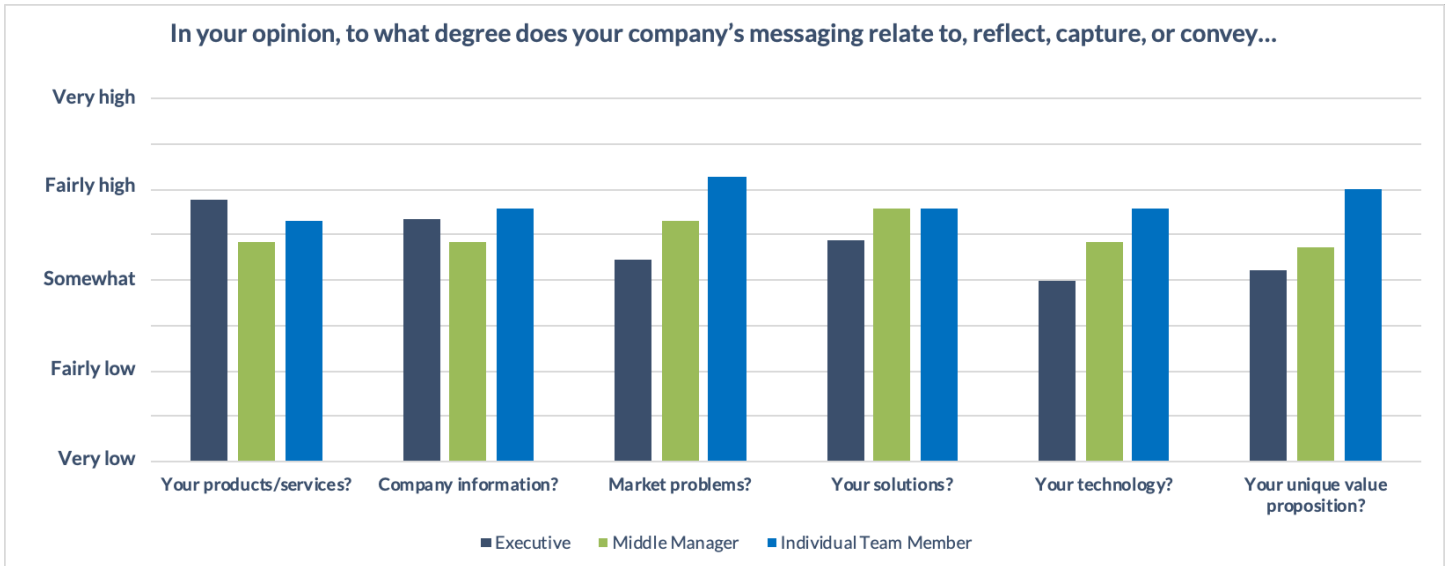
Showing a positive outside-in approach, survey respondents indicated that their messages relate most highly to **Market problems**

What goes into our messages? We asked survey participants to assess the degree to which their company's messaging relates to, reflects, captures, or conveys each of six factors.

Market problems received the highest average score, narrowly beating out *Your solutions*, but we're really splitting hairs here. Nevertheless, we interpret this result as a positive sign: taking the outside-in approach of talking about problems and solutions is generally more effective than the inside-out alternative of just shouting about our neat technology.

Still sticking with averages, *Your products* and *Company information* tied for the next spot, followed by *Your unique value proposition* and *Your technology*; again, though, the differences were very small.

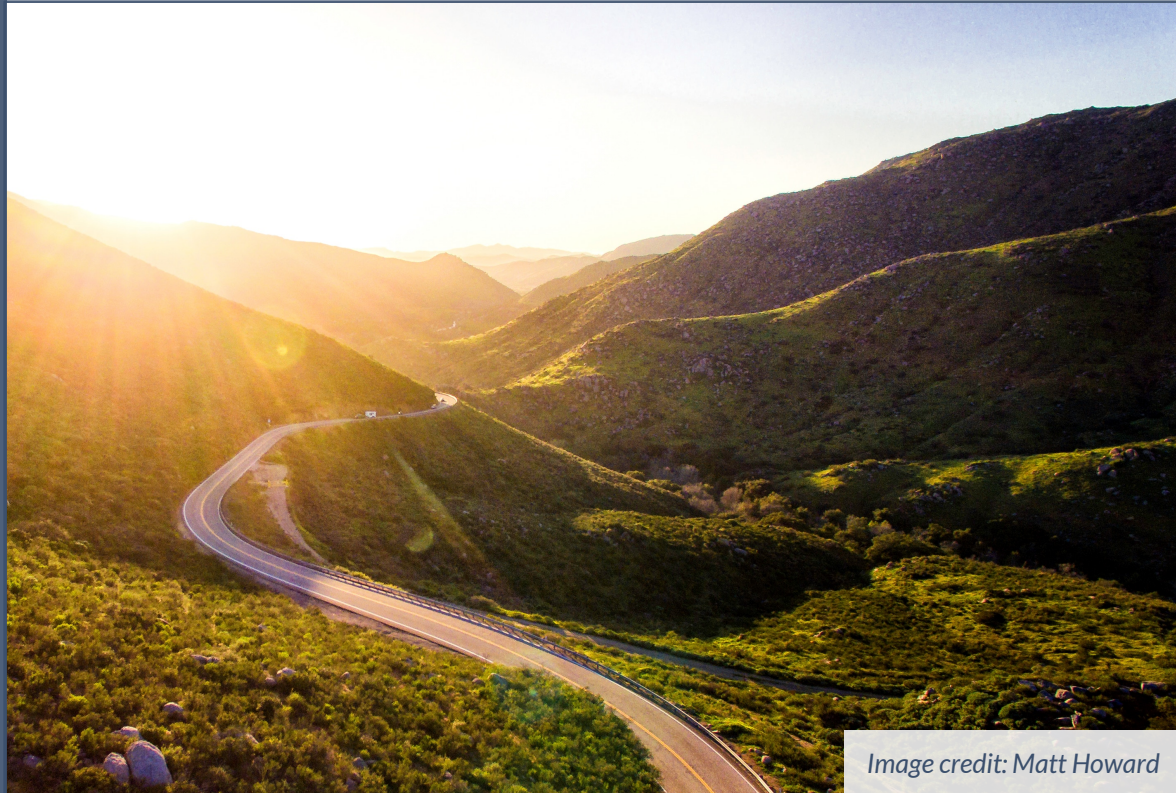
Glancing at the visual results shows the curious characteristic that Executives tended to provide lower ratings than Middle Managers, who in turn provided lower ratings than Individual Team Contributors. Does more experience turn people into tougher critics?



The Incredible Journey

When we consider only extremely linear buying processes, we marketers oversimplify things for convenience.

For a new perspective, check out [A Different Model of the Customer Experience Journey, and What it Means for Marketers.](#)



Sales Enablement, For the Win!

While some companies look at marketing solely as a lead generation machine, others take the more realistic and effective approach in which marketing is a strategic catalyst for the entire sales funnel – from discovery to deal closure.

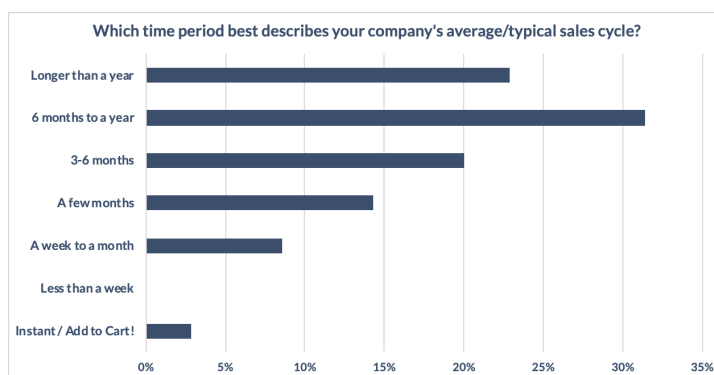
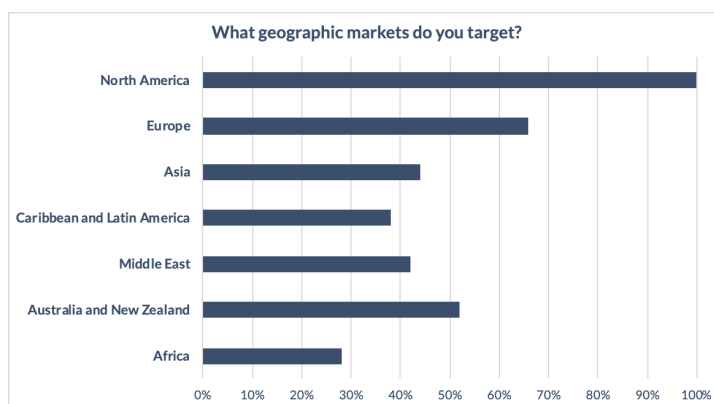
Very broadly, there are four main mechanisms by which marketing contributes to increased sales effectiveness:

- i. **Increase the absolute number of wins** by creating more opportunities
- ii. **Increase the win rate** by showing compelling value and overcoming buying barriers
- iii. **Shorten the time through the sales cycle** by actively directing prospects and avoiding stalls (e.g., by rapidly addressing inquiries via self-service content or by having answers at-hand)
- iv. **Increase the average deal size** by helping to sell more things (e.g., by showing solutions to more problems, by demonstrating positive ROI) and by limiting discounting (e.g., by proving meaningful differentiation)

Waterloo Region's tech companies have global reach, but definitely focus on *North America* and markets with strong currencies and friendly business environments (e.g., *Europe, Australia and New Zealand*).

In terms of sales cycle, only about a quarter of survey respondents indicated that they turn a prospect into a customer in as little as a few months.

By contrast, more than half of respondents report that their sales cycle lasts between three months and a year, and almost a quarter experience the supreme joy of a sales cycle that drags on longer than 12 months. For the latter group, understanding budget cycles and navigating complex buying processes is no doubt a key requirement for success.



"It is not your customer's job to buy from you. It is your job to find out what would make for an exceptional experience from their point of view, and invite them into it."

—David Nour, in *Co-Create*

"Shut up and take my money!"

—Philip J. Fry

Say What?

"The sales team individually makes updates to the presentation materials shared with prospects during engagements so there's a lack of continuity in the message shared from one engagement to another. There's also no sales enablement training to ensure that the team understands updates to messaging or new feature capabilities."

—Survey Respondent

Trade Commissioner Service

Public Service Announcement

If you're looking to enter new markets, then definitely check out [the Government of Canada's Trade Commissioner Service!](#)

Say What?

“Sales and Marketing here work INCREDIBLY closely which makes the wheel spin effortlessly.”

—Survey Respondent

Think Different

The most significant challenge is ***Creating differentiation versus alternatives***, but it also showed wide variation

Executives rated it as the most significant by far

Middle Managers rated it as the most significant, but only marginally so

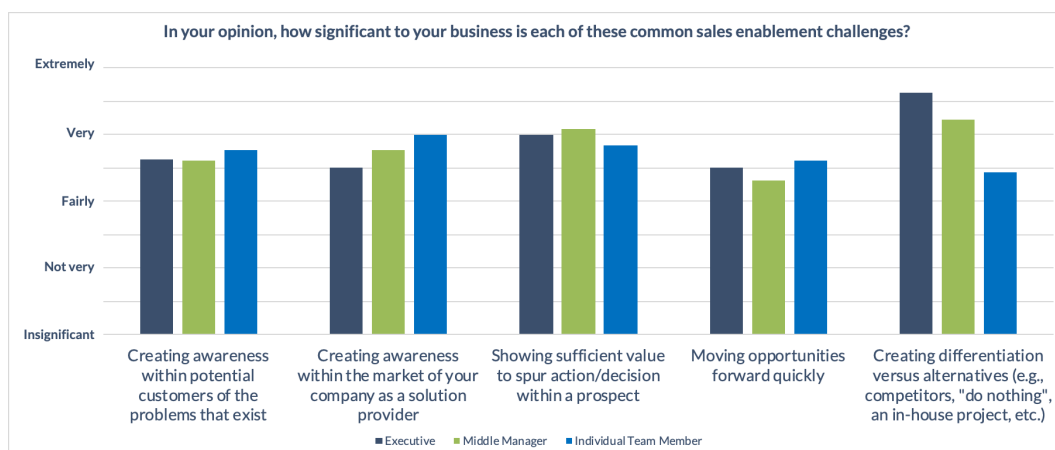
Individual Team Members rated it the least significant of the five options

“If you don’t supply the information your prospects need to choose your company over the competition, they’ll get that data somewhere else, and the outcome might not be as favorable for you.”

—Jay Baer, in *Youtility*

Challenges

We asked participants to rate the significance of each of five common sales enablement challenges; respondents reported the most significant challenge to be *Creating differentiation versus alternatives* (e.g., competitors, “do nothing”, an in-house project, etc.).



Interestingly, this challenge also showed the widest variation: Executives rated it the most significant by far; Middle Managers rated it the most significant, but only marginally so; Individual Team Members saw things differently, rating it least significant of the five options.

All three groups rated *Showing sufficient value to spur action/decision within a prospect* as the second-most significant challenge, and there was intergroup agreement as to the magnitude.

Creating awareness within the market of your company as a solution provider edged out the closely related *Creating awareness within potential customers of the problems that exist*, although in the former case there was some variation in perceived significance.

The least significant problem (but still somewhere between “Fairly” and “Very” significant) is *Moving opportunities forward quickly*. Tell that to the folks with the multi-year sales cycles!

What can we take away from these results? Two things...

First, the region’s companies need to invest in creating differentiation. If we assume that any prospect interested in purchasing a solution is going to research alternatives, then winning business requires showing unique advantages. Moreover, achieving *meaningful differentiation* demands a keen understanding of yourself, your competitors, and your customers: to learn what makes you different, you need to know both your own capabilities and those of your competitors; to be meaningful, those differences must relate to things that prospects value.

Second (and very closely related), the region’s companies need to get better at showing value. The main goal here is to get over the “so what?” barrier, characterized by a prospect who’s aware of a solution but doesn’t feel any particular urgency to move forward. Showing value creates that urgency by highlighting a positive return on effort and investment and by promising an idealized future – one in which many annoying, expensive problems are solved. In effect, it turns things around by showing the opportunity cost of failing to act.

Differentiate or Die

How? With purposeful content. Not content for content’s sake, but content that creates meaningful differentiation and shows uniquely strong value.



Image credit: Jessica Ruscello

Buying Barriers

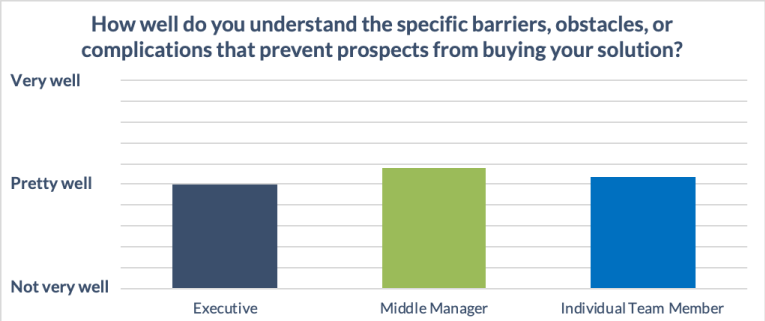
Put simply, a buying barrier is anything that, from your prospect’s perspective, stops or slows their purchase (or adoption, in non-commercial relationships) of a solution.

Many companies go to great lengths to document the buying process (or its superset, the customer experience journey) – the codified, step-by-step process or sequence of milestones that a prospect follows.

Documenting the buying process is a good start, but it’s incomplete because doing so does little to capture the information needs, organizational blockades, and other complications that arise in the messiness of the real world. If you’ve structured your sales process around a squeaky-clean, perfect-world buying process, then you’re missing an enormous opportunity to improve results.

The good news is that investing just a little bit of time and effort to understand and address real-world buying barriers delivers wonderfully asymmetric returns, because doing so empowers you to develop high-impact messaging, effective content, and efficient sales processes. To maximize the effectiveness of this initiative, your content needs to proactively address known barriers; of course, the same pieces of content will also be used by the sales team to reactively respond to prospect inquiries.

With all of that in mind, we wondered how well the region’s technology marketers understand the messiness of the real world. The answer was a pretty consistent “Pretty well”.



Depending on your outlook, this result could be good or bad. We’re of the belief that few activities deliver as large and asymmetric a return as anticipating and addressing the barriers that prospects encounter when trying to give you money.

Say What?

“We have a large and growing database of marketing assets, but it’s difficult to effectively share them with the sales team.”

—Survey Respondent

“Buying Barrier”

noun – anything that, from your prospect’s perspective, stops or slows their purchase of a solution

All Models are Wrong

If you’ve structured your sales process around a squeaky-clean, perfect-world buying process, then you’re missing an enormous opportunity to improve results

Super-Asymmetry

Few activities deliver as large and asymmetric a return as anticipating and addressing the barriers that prospects encounter when trying to give you money.

To learn about different buying barriers and how to overcome them, check out [How to Boost Your Business by Overcoming Buying Barriers.](#)

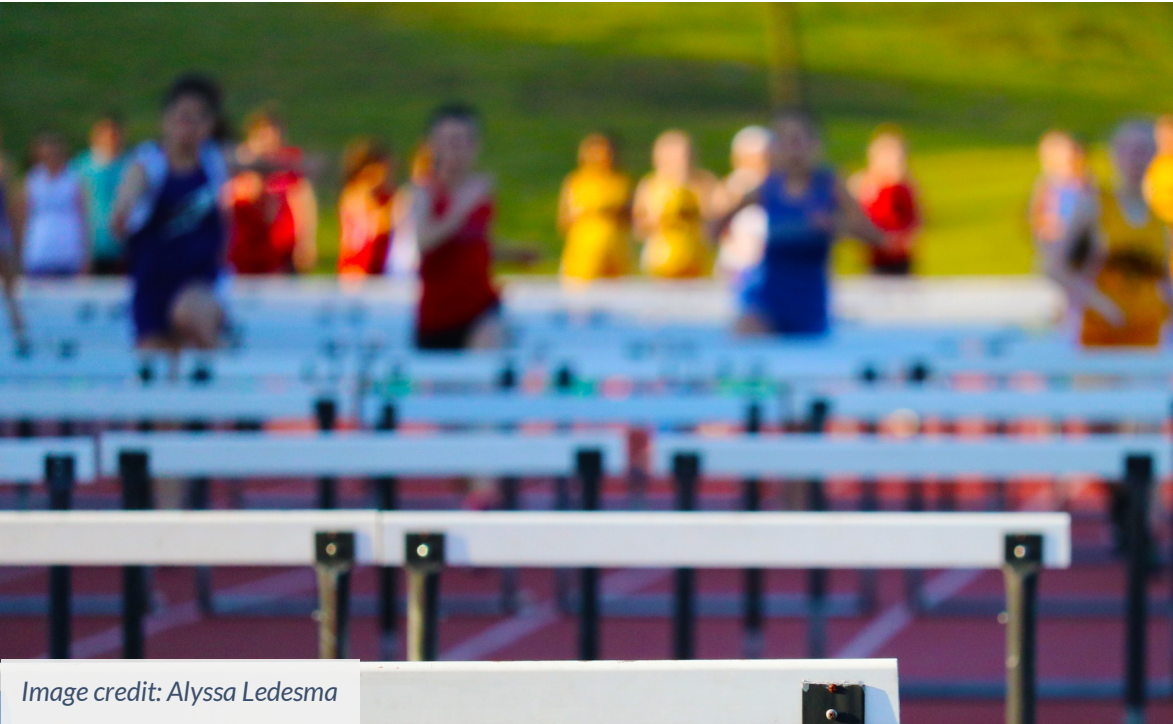


Image credit: Alyssa Ledesma

“So how do you get on the radar of someone who may not even be in the market for the value you offer? This is the ideal opportunity for you to create compelling content, highly personalized and relevant to your target audience. Help them learn and discover new approaches, challenge their assumptions, but above all, lend a hand in their discovery process.”

—David Nour, in *Co-Create*

Room for Improvement

When asked to rate their company’s content, respondents indicated that, on average, none of it was good enough; *Bottom-of-funnel content* fared the worst – by a large margin

Say What?

“We’re changing our target markets, so ramping up new content to address these markets is a big challenge.”

—Survey Respondent

C-O-N-T-E-N-T (Find Out What it Means to...Us)

Content is the vehicle by which your messages get out into the market and in front of your target audiences, whether handed over by a salesperson, delivered in a presentation or webinar, downloaded from your website by an existing customer, or organically discovered by a new prospect searching for a solution to a problem.

A comprehensive content portfolio helps you get a prospect’s attention, anticipates and meets their needs through their buying process, and arms your champions:

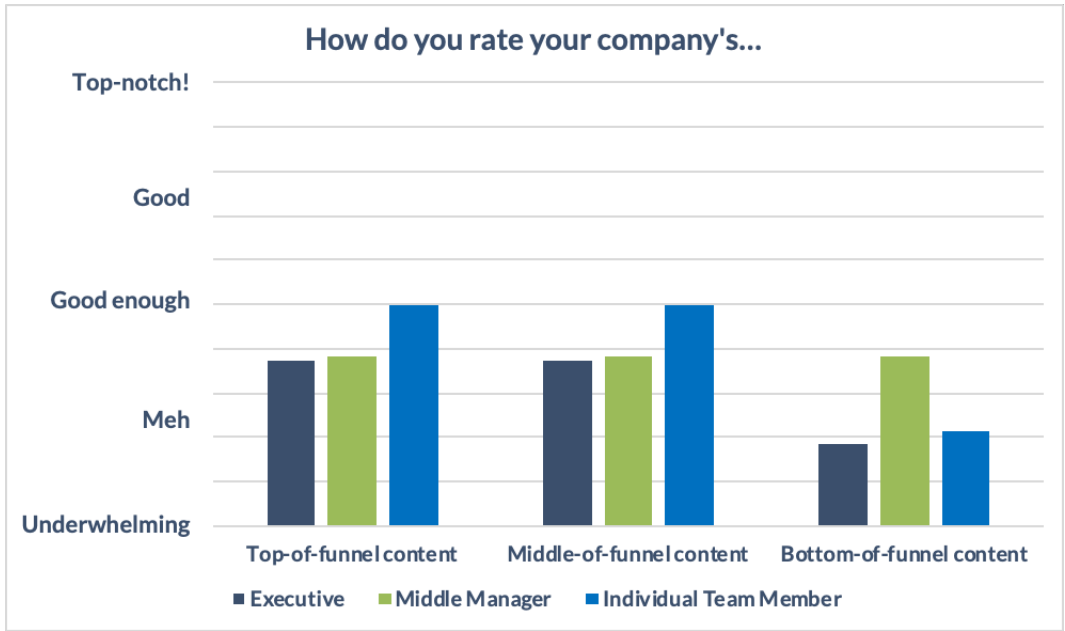
- Top-of-funnel content increases awareness and starts to build demand
- Middle-of-funnel content enables prospects to understand and evaluate your solutions
- Bottom-of-funnel content seals the deal and helps prospects justify their decisions

Ideally, your content anticipates and specifically addresses buying barriers at the precise stage in which they arise. Moreover, a great content library substantially improves your search relevance, raises the bar versus the competition, and is vital to scaling up your sales and marketing efforts efficiently.

Unfortunately, when asked to rate their company’s content, our survey respondents indicated that there’s much to be desired:

- Both *Top-of-funnel content* and *Middle-of-funnel content* landed between “Meh” and “Good enough” (which, frankly, isn’t good enough)
- Even worse, *Bottom-of-funnel content* – the content that pushes deals over the finish line by demonstrating ROI, proving differentiation, etc. – averaged much lower, and that score was propped up by less pessimistic ratings from Middle Managers

Recall how an earlier section suggested that the region’s companies need to invest in creating differentiation and need to find more ways to show value? Well, that’s what bottom-of-funnel content does, so this gap is dangerous indeed.



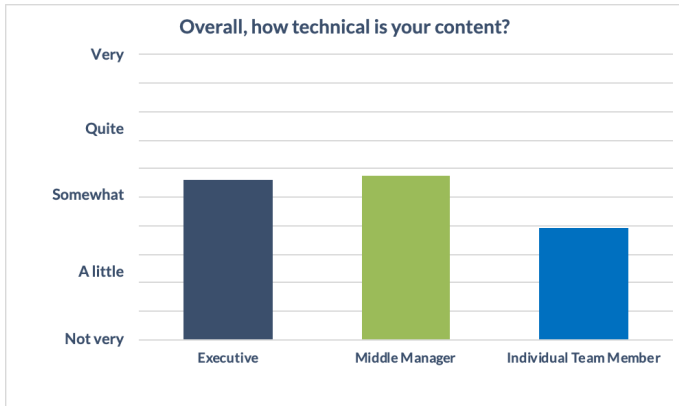
When your messaging is clear and your content strategy serves a real purpose, creating an effective, integrated, multi-stage content library becomes much less challenging.



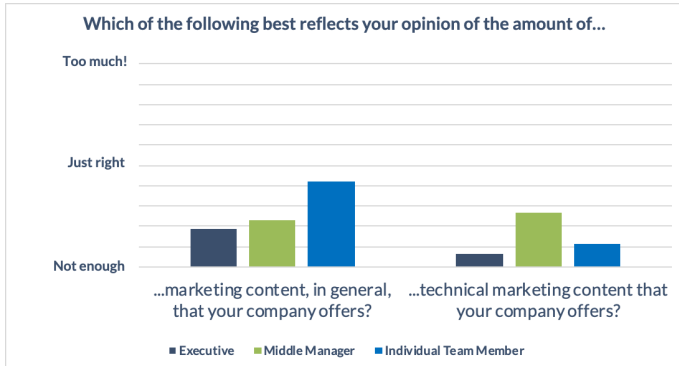
Image credit: Susan Yin

Getting' Techie Wit It

Bottom-of-funnel content tends to be more technical than its earlier-stage counterparts, because often its job is to explain how things actually work (e.g., to prove that a solution is viable, or to bolster differentiation, etc.). Does the low rating for *Bottom-of-funnel content*, indicate that Waterloo Region technology companies are challenged by technical content?



Indeed, we find that all three groups report that their content is, at best, only *Somewhat* technical. Of course, not all content should be technical – top-of-funnel content especially (except in rare cases) – but to secure wins most technology companies do eventually need to explain how their solutions work.



Unfortunately, in one of the survey's clearest findings, respondents indicated that they simply do not have enough technical content. Executives were especially critical, with Individual Team Members only slightly less so; Middle Managers saw things in a slightly less negative light.

For what it's worth, opinions were more positive when assessing the amount of marketing content, in general – but respondents still reported a large deficit (although it should be noted that Individual Team Members don't fully agree).

Make no mistake, creating technical content requires a certain skillset, but too many companies fall into the trap of concluding either that it's impossibly intractable or that they can live without it. As a tech company, you must be understood (or at least be perceived) by your prospects to have achieved meaningful technical differentiation, specifically relating to your unique ability to solve some urgent market problem.

Say What?

"We're working on adding more technical content as we progress."

—Survey Respondent

The Trouble with Tech

In one of the survey's clearest findings, respondents indicated that they simply do not have enough technical content; too many companies fall into the trap of concluding either that it's too difficult to produce or that they can live without it

"Round numbers are always false."

—Samuel Johnson

Talking About Technology

When it comes time to sign the cheque, customers aren't doing it because of your culture – they must believe in your technology.

Here's our advice: start small, by focusing on a single topic that arises frequently (it's probably a buying barrier).

See how, in [Tackling Technical Topics](#).





CROMULENT MARKETING

Cromulent Marketing is a boutique marketing agency specializing in crafting messaging, creating content, and managing public relations for B2B technology companies

www.cromulentmarketing.com

