

Getting in Tune

Your marketing goal: A quality value proposition aligned with the right target market.

The EMS market is seeing signs of recovery; one visible indicator is that its players are starting to spend money on marketing. But the simple act of ramping up marketing does not guarantee success.

Talk to people engaged in selling EMS services and you'll typically get three kinds of opinions: those who strongly believe in a formal marketing strategy, those who have tried some level of marketing and aren't happy with the results, and those who believe a formal marketing program is unnecessary or won't work. All three groups have valid reasons for their opinions. Those who market well have data that support the validity of their efforts and those who market the wrong value proposition or market sporadically can cite a track record of poor results. The quality of the value proposition and its alignment with the right target market for a given business model is the difference between success and failure in a marketing program.

To better understand what works and what doesn't, it is important to understand the role of EMS marketing in the account acquisition process. A good marketing program creates awareness of the EMS provider and helps define that company's specific competitive advantage. It isn't a replacement for sales; rather, it simply helps motivate a prospect to learn more about whether a particular provider is a good fit for their needs. Given that only a portion of EMS providers has any formal marketing program, in theory, any marketing effort should create some competitive advantage. But spending money on ineffective marketing doesn't create a competitive advantage because while it may help create awareness of a given EMS provider, it fails to create preference. Preference is the element that motivates the prospect to begin the sales dialogue. Because of the complexity of the EMS sale, prospects aren't motivated to talk to every company they hear about. They tend to focus on companies that they perceive are best able to deliver a specific solution. An ineffective advertisement may get your company on the list of companies initially looked at but not called. Worse, your company gets invited to bid, but that bid is simply used to justify the company that did a better job of establishing preference for their value proposition.

What makes a good value proposition? Take for instance one of the more visible elements of an EMS

marketing program: advertising. Advertising can be effective as a relatively inexpensive way to reach large numbers of prospects with a consistent message at pre-defined intervals. The challenge for EMS companies is that prospects are geographically scattered and in and out of buying cycles. The best way to build preference is to publicize a given EMS provider's ability to deliver specific solutions needed by a segment of the market. The more aligned that value proposition is with the needs of a given prospect, the more likely the EMS provider advertising that value proposition will create competitive advantage. Most importantly, a focused value proposition motivates prospects in the decision-making cycle to "tell" that EMS provider that they are in an evaluation process and open the door to further relationship building activities. This permits the EMS provider to focus on accounts that represent active decision cycles and may create a more focused subset: prospects with needs strongly aligned with the specialized capabilities of that EMS provider. The benefit of repeating the value proposition at specified intervals over a defined target market is that it "catches" different prospects at different times based on the timing of their decision cycles.

The challenge is determining the best value proposition and effective ways to attract attention to a specific EMS provider's formula for delivering it. OEMs want to reduce cost, shorten time to market, receive high quality product, minimize inventory liability and have a responsive supply base. Thus, most EMS ads focus on some aspect of that equation. However, truly effective ads illustrate how that EMS provider actually delivers the value proposition and include a mechanism to motivate response. Less effective ads focus on generic claims and the mistaken concept that simply getting one's name out will create some level of demand.

Ultimately, a good ad does three things:

- Attracts attention with the right audience.
- Effectively establishes a unique value proposition.
- Motivates the reader to contact the advertiser.

Simply put, the EMS prospect universe is filled with overworked middle managers whose job is to implement a sourcing strategy that meets their companies' goals for producing good product at a competitive price. Those with high volume, easy-to-produce products have a good

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range of well-established choices and can shop primarily on price and desired build region. Those with variable volumes and complex projects shop on price, but also evaluate whether a given EMS provider will deliver the mix of services that their projects demand. Many OEMs actually have a mix of projects that range between those easy to outsource and more complex to outsource. Effective value propositions reach out to those decision makers and illustrate specifically why a given EMS provider's business model provides a solution aligned with their projects.

Why Many EMS Ads Fail

Drawing attention to an EMS ad is easy; creating an effective ad is more difficult. A strong headline and illustration are important, but ultimately the copy must reinforce a strong, differentiated message.

Humor works, but only some humor. Humor is underused in EMS, in part because only a narrow segment of humor works. Slapstick doesn't work, but insider jokes tend to work well. Example: Humor focused on lead-time issues, total cost calculations and industry "paradigms" works, provided it is balanced with strong examples of how the EMS provider counters the issue the ad makes sport of. Visual humor in an illustration or headline unrelated to the EMS selection process is ineffective.

Similarly, when the humor element is not balanced with the strong value proposition, the ad is ineffective. The goal with humor is to catch the attention of that overworked middle manager by highlighting a common problem and then build rapport by discussing your solution. Ads with well-used humor generate plenty of industry talk and positive referrals. Such ads may be passed among a company's decision team simply because they present a creative representation of a problem with which the team is struggling. A well-crafted ad that discusses that EMS provider's solution to the issue can turn that shared joke into a group evaluation process.

General themes don't attract attention. In a commodity market, companies tend to advertise image rather than sub-

stance; ultimately, image advertising can drive brand preference. Commodity markets often use striking visuals to attract attention to the brand. The EMS industry is not a commodity market (although some describe it as such). EMS providers differ in business models, internal systems/processes, expertise and company culture. No single perfect business model fits all projects equally. A generic illustration concept tied to a very strong value proposition related to time-to-market or minimized inventory liability may attract attention, but using elements like sporting event photos to illustrate soft concepts such as fit between teams tends to be less effective.

The pack mentality. You won't find your unique value proposition in a competitor's ad. But that doesn't stop many EMS providers from developing ads that mirror the competition's. EMS providers fall into three categories: those that the prospect is not aware of, those that prospect has ruled out and those that the prospect is evaluating. The difference between being in the "no awareness" and "ruled out" groups is that the middle group spent money creating awareness, yet were *still ruled out*. If a prospect rules out an EMS provider because the ad indicated that its business model wasn't a fit for that project, it's actually a good ad because it helps both companies focus on relationships that fit their business models. An ad is ineffective when a prospect rules out an EMS provider because the former sees no difference between that provider's capabilities and five others'.

The "too compelling" value proposition. Certain offers in EMS will attract inquiries. Running an ad inviting startups, indicating no credit checks, flexible payment terms or no contracts will generate many responses. However, a good ad screens out potential bad fits. Ads highlighting levels of flexibility your company is unwilling to offer all clients generate activity but not business-building results. Typically, unusual terms don't attract good-fit clients in greater numbers than a standard ad. The larger response comes from companies who are having trouble

landing an EMS provider. Focusing sales efforts on problem accounts generates short-term results that create long-term problems.

No reason to call. The final reason many EMS ads fail is their inability to provide strong motivation for the prospect to request further information. The EMS account acquisition process is relationship-driven. Good ads identify “ready-to-buy” prospects for the sales team to build relationships by providing a compelling reason for the prospect to identify themselves. Ads that offer a white paper or small brochure with specific information of value to that prospect are effective. Popular offers include: design guidelines, white papers related to lead-free, guidelines for doing business in a specific region or specific cost reduction methodologies. Ideally, the offer and value proposition should have a strong relationship and be tied to the overall ad theme.

The best value propositions use common industry themes related to responsiveness, quality, service, total cost or flexibility. However, what makes them effective are subtle copy points which establish credibility with the audience by embedding demonstrable or quantitative examples of the EMS provider’s ability to deliver the promised solution. Three or four sentences often differentiate ads that work from those that do not. To determine what those three or four sentences should contain, consider what viable prospects tend to find usual or outstanding when they evaluate your company and also what aspects of your business model are most valued by existing good fit customers. Going back to the model of the overworked decision-maker, the effective message gets his attention by mentioning a problem he is dealing with in his evaluation process and then discusses the EMS provider’s track record in consistently addressing that issue with other customers. In short, the message identifies that provider as a “proven” choice to solve a specific need.

While narrowly focusing a message may seem limiting, the reality is that most EMS providers don’t want 50 new customers a year. They typically want five to 15 strong new accounts, so focusing on a core competency aligned with a underserved need found in a niche of the OEM prospect market may be more effective than less-specific value propositions designed to appeal widely to the entire market. The goal of all EMS marketing is to identify the accounts with immediate needs

strongly aligned with that provider’s business model. Ads which attract attention, help identify unique competencies and motivate the reader to identify himself by requesting additional information are one item in the promotion toolkit that help marketers achieve that goal. When advertisements generate no leads or inappropriate leads, the issue may not be the ineffectiveness of the medium, but actually the need to fine-tune the message. ■

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