

Manufacturer-Dealer Market

- Overall Market Size, Sub-Sectors & Size, Pain Points, Marketing Trends, and Digital Agencies

Size of the Overall Manufacturer-Dealer and Cooperative Markets

- Manufacturing is one of the largest industries in the United States and world.
- It was estimated at \$2.33 trillion in 2018, 11.6% of the U.S. GDP.
- Largest sector in the world, producing 18.2% of the world's goods.
- Despite threats, remains forecasted to grow faster than the general economy.
- Distribution is an even larger industry at \$6.01 trillion (2018) and 29% of GDP.
- Cooperatives also generate \$654 billion in revenue and contribute 1% of GDP.
- Businesses that operate in these industries typically have multiple locations and unique marketing needs due to shifting trends in demographics, digital marketing and a need for modernization.

Manufacturing Sub-Sectors and Size

- To provide a clearer picture on the size of the manufacturer-dealer market, it is helpful to look at sub-sectors which produce complete products and sell them to distributors and then consumers.
- Examples:
 - Machinery – \$140.8 billion (2018)
 - Computers and electronic products – \$320.8 billion (2018)
 - Electrical equipment, appliances, components – \$58.15 billion
 - Motor vehicles, bodies and trailers, parts – \$145.35 billion
 - Furniture and related products – \$29.85 billion
 - Textile mills and products – \$17.6 billion
 - Paper products – \$51.4 billion
 - Printing – \$37.15 billion
 - Plastics and rubber products – \$78.75 billion

Total estimated market size of manufacturers who sell complete products to dealers - **\$879.85 billion**

Pain Points for Manufacturers-Dealers

- Goal is to reach other businesses (B2B), not consumers, for the purpose of carrying their products.
- Previously, other methods like cold calling, print mailers, brochures, white page listings and other methods were used for marketing.
- However most of these methods are now outdated with many businesses now going online to find new manufacturer-dealer partners.
- [57% of B2B buyers](#) make a purchasing decision before ever contacting a company, resulting in a greater necessity for manufacturers-dealers to have a strong digital presence.
- Many manufacturers and dealers, however, still rely on outdated methods to expand their businesses.
- Many have struggled with transitioning their marketing toward digital channels.
- On top of this, digital marketing trends shift regularly, making it difficult for professional marketers to keep up with the trends, and far more difficult for businesses including manufacturers and dealers.

Marketing Trends for the Manufacturing-Dealer Segment

- Some types of digital marketing have been adopted by manufacturers such as content marketing, but it is unclear what its prevalence, scope or effectiveness is. [82% of manufacturers](#) have adopted some form of content marketing.
- However, [just 1%](#) of manufacturing marketers have deemed the maturity of their content marketing as sophisticated.
- Manufacturers have increasingly turned to analytics to measure their marketing success. [76% of manufacturing marketers](#) use analytics tools like Google Analytics and HubSpot to measure ROI.
- Other recent trends include a greater reliance on video marketing, social media, mobile marketing, and marketing automation.
- Manufacturers that wish to compete and increase market share must modernize their web presence and launch new marketing campaigns in lieu with these recent trends.

The Need for Digital Agencies for the Manufacturer-Dealer Market

- With so many manufacturer marketing trends, and the specialization required to create campaigns based on these trends, multi-location businesses in the manufacturer-dealer market struggle often struggle with modernizing their websites and marketing.
- Millennials will be 75% of the workforce by the year 2025, with many of this demographic utilizing the internet for researching and connecting with manufacturer businesses.
- As a result, there is a pressing need for manufacturers and dealers to modernize their website and digital strategies in order to maintain and expand their business connections, brand and sales.
- This new need has resulted in the recent launch of some agencies that specialize in digital marketing for manufacturers.

Digital Marketing Goals for Manufacturers-Dealers

- Each manufacturer/dealer will have unique digital marketing needs, and typically will seek to accomplish the following goals:
 - Reach a larger target audience of potential buyers
 - Lower the overhead of existing campaigns that may be less efficient
 - Improve brand awareness and industry recognition/authority
 - Increase web and social media presence with modern designs and content
 - Expand into new digital marketing channels like PPC, social media, video ads
 - Develop or improve sales funnels, convert leads more efficiently into revenue.
 - Use storytelling and case studies in order to increase authority.
 - Generate leads - [71%](#) of content marketers in the manufacturing industry list lead generation as a top goal

Existing Digital Agencies for Manufacturer Marketing

- Several digital marketing services are centered on manufacturers or dealers to cater to the large need for digital marketing modernization in this segment – or they offer a sub-specialization.
- Examples:
 - <https://www.topspot.com/manufacturers/>
 - <https://www.gogreymatter.com/manufacturing-and-industrial>
 - <https://www.angle180.com/manufacturing-marketing-services>
 - <https://www.windmillstrategy.com/industries/industrial-automation-manufacturing>
 - <https://kulapartners.com>

Areas to Target for Manufacturer-Dealer Agencies

- Several manufacturers and distributors remain underconfident about their digital marketing presence and strategy.
- Only [30%](#) of manufacturing marketers feel their content marketing is effective.
- [42%](#) of industrial companies have a neutral feeling about their marketing and 30% are dissatisfied.
- [79%](#) of manufacturing marketers reported that increasing their focus on email marketing resulted in a 48% year-over-year ROI increase.
- [69%](#) of people in the manufacturing industry can be found on social media channels in their field.
- [The top marketing challenge](#) for manufacturers is a lack of time.

Additional Areas to Target for Digital Agencies

- 70% of manufacturers post 2 blogs or less per month
- 45% of manufacturers are not sure what their website lead conversion rate is
- Only 31% of manufacturers have developed a documented content marketing strategy
- 67% of manufacturers blame stagnant success during the prior year on insufficient time spent on content marketing
- Only 26% of manufacturers believe their digital marketing is better than the competition

Cooperative Market Opportunities

- The cooperative (co-op) market is similar to manufacturing with several multi-location businesses, yet it is a smaller overall market.
- Presents an area of opportunity for digital agencies to target businesses that have pressing digital marketing modernization needs.
- Types of businesses include:
 - Financial services such as mutual insurance companies, credit unions, cooperative finance, farm credit systems
 - Utilities including water, rural telephones, rural electric
 - Social and public services including healthcare, housing, transportation, child care, education
 - Commercial sales including arts and crafts, biofuels, farmers cooperatives

Cooperatives and Digital Marketing

- Cooperatives are member owned enterprises that exist to meet particular objectives for the members.
- They are for-profit organizations that exist to earn profits to benefit the member-owners.
- Marketing is a key goal of several cooperatives, as pooled marketing funds have far greater impact, yet many have relied on traditional marketing methods.
- Similar to the case of manufacturing – several new digital agencies have launched to focus on cooperative marketing needs due to the substantial market size of many cooperatives.

Cooperative Market Size

- 29,284 cooperative firms operating in the US generate over 2 million jobs and \$654 billion in revenue.
- 29,284 cooperative firms with \$3 trillion in assets
- Sub-sectors:
 - Commercial Sales and Marketing - \$175.593 billion
 - Social and Public Services - \$4.358 billion
 - Financial Services - \$246.831 billion
 - Utilities - \$36.399 billion

Co-op Funding and Market Development Funds

- Co-op funding exists for small business members in coops that carry particular large/national brands. Small businesses can often get 30-80% of an advertising campaign funded by a larger brand through co-op funds. Co-op funding is awarded based on a percentage of sales and often requires ad approval. One estimate found that up to [\\$450 million dollars](#) in co-op funding is left behind each year.
- Market Development Funds (MDF) are pre-approved funds that are provided in advanced of any campaign. MDF funds are awarded based on expected With 4,500 co-op programs in the United States, [\\$50 billion](#) is available for MDF and other promotional funds with one estimate that approximately half goes unspent due to implementation issues by small businesses.

Cooperative Marketing Agency Examples

- Several agencies offer a cooperative marketing service to help small businesses implement the vast pool of co-op and MDF marketing funds they may be entitled to:
- <https://www.halsteadmedia.com/blog/co-op-marketing-advertising-programs-do-they-still-work>
- <https://keomarketing.com/marketing-agency-phoenix/advertising/co-op-advertising/>
- <https://blog.thatagency.com/co-op-advertising-cooperative-marketing>

Wholesale Distribution Marketing

- At an estimated market size of \$6-\$7 trillion, and 330,000 companies the wholesale distribution industry is vast and has growing digital marketing needs.
- Just as in the case of manufacturing and cooperatives, several agencies are targeting wholesale distributors to assist with their B2B digital strategy:
 - <https://www.thefrantzgroup.com/industry-marketing-experiences/wholesale-distribution-industry-overview/>
 - <https://www.seattlewebdesign.com/service/industry-solutions/online-marketing-for-wholesale-distribution-companies>
 - <https://www.topspot.com/suppliers-and-distributors/>