



A GLOBALSPEC **WHITE PAPER** FOR
ENGINEERING, TECHNICAL AND
INDUSTRIAL MARKETERS

Preparing for Economic Recovery:

How Industrial Sector Companies
Can Successfully Emerge From the
Downturn

Contents

Executive Summary	3
Recover from Marketing Cutbacks	4
Plan Now to Ensure Success	4
It Won't Be "Marketing as Usual"	5
Trade Shows and Traditional Advertising are Suffering	7
If It's Not Marketing as Usual, What are Suppliers Doing?	8
Measurement and Accountability are Here to Stay.....	8
Online Marketing: Beyond the Basics	9
Emerging from the Downturn: A Six-Point Checklist for Success.....	10
The GlobalSpec Advantage	12
About GlobalSpec.....	13

Executive Summary

It's true that during difficult economic times, many companies are unable to increase their marketing investments or are forced to cut marketing spending. These tough decisions put those companies in a difficult position because they may lose market share or have greater ground to make up as the economy improves.

The important question during a downturn isn't whether or not the economy will recover—it will; it always does. The important question is whether your company will be in position to surge when the economy begins to grow again. To a large degree, the level of your success will depend on your marketing efforts and capabilities: what you have done during the downturn and what you put in place now to win business during the recovery. You will need to make strategic decisions about choosing new media, entering new markets, and positioning products.

Success will also depend on the timing of your efforts. Now is the time to establish marketing plans for the recovery—formulate strategies, design campaigns, make media choices, justify expenditures—so you are ready to go with an approved marketing plan when your company's budgets open up and you have marketing funds to invest.

But you must remember that as you plan for the future you will not be able to return to the old ways of marketing. Your customers and prospects now go online first to locate products, services and suppliers. And the demand for marketing accountability and measurement is stronger than ever. Both these trends were well-documented before the economic downturn hit, and they will continue to be more important than ever as the economy recovers.

That means marketers must choose an appropriate mix of targeted online programs that complement their traditional marketing efforts, offer measurability and ROI, and provide evidence to support marketing decisions. Only in this fashion will industrial companies be able to emerge from the downturn in a strong position to win business.

Competition for customers is only going to increase as the economy recovers and companies hungry for new business compete aggressively.

Develop marketing plans now and get them approved so you are ready to go when budgets open up.

Make your first marketing targets the industrial sectors that held up best during the downturn or are recovering fastest.

Recover from Marketing Cutbacks

If you were forced to reduce your marketing exposure during the downturn, it's essential that you regain momentum early and quickly as recovery begins. Your visible presence in the market through sustained and frequent marketing will give your company a jump start before the market becomes overcrowded with messaging from competitors. Then, as demand begins to increase, you will have an advantage because potential customers will have been continually exposed to your messaging and have an affinity to work with you.

If you did cut back, you likely need to do more now to catch up. You will need to remind customers and prospects that you are here, a strong and viable company ready to serve their needs. Even if you did maintain marketing during the downturn, you must continue or increase your marketing efforts because the competition for customers is only going to increase as the economy recovers and companies hungry for new business compete aggressively.

Plan Now to Ensure Success

A typical marketing cycle looks something like this: establish marketing strategy, identify marketing objectives, define target audience, research media options, conceive campaigns, calculate costs, craft messaging, gain executive endorsement and marketing funds, execute campaigns, measure effectiveness, refine tactics.

As every marketer knows, that's a lot of work. If you save it all until budgets open up and your company is ready to invest more in marketing, you'll end up scrambling to put together marketing plans and seeking budget approval. By the time you actually get out there in the market, you'll be well behind competitors who got an early start.

That's why it's imperative to get as much of the planning work done now. Here are two guidelines to help accelerate your planning process:

Decide which markets to attack first. Some industries will recover faster than others, and some sectors have been less impacted by the economic downturn than others. A number of industries have high expectations for sales in 2011, including Paper, Printing & Textiles; Packaging Machinery; Chemicals, Plastics and Rubber; Oil & Gas; Automotive. Of the 23 industrial sectors tracked in the survey, only three have fewer respondents expecting higher sales in 2011 than they did in 2010.¹

These sectors might be good first targets, if your company's products and services are a good fit. You may need to re-purpose some of your marketing materials to focus on the needs of these industries or seek out marketing options that target these specific sectors. Get started on that work now.

¹2011 GlobalSpec Economic Outlook Survey

This is a good time to explore possibilities with new media partners. Some of your traditional media outlets may not even exist now, and many of them are no longer effective.

Keep in mind that not only will certain sectors recover faster, but certain geographic markets will recover faster as well. Today's industrial economy is a global economy, and you should seek out opportunities where they exist. Don't limit yourself regionally unless the nature of your business dictates that you do. The Internet makes it easy to find and be found by target customers anywhere in the world.

Evaluate potential media partners. If you had cut back on marketing during the downturn, you may have lost touch with your media partners. Some of your traditional media outlets may not even exist now, and many of them are no longer effective.

This is a good time to explore possibilities with new media partners. Be sure to ask them these questions:

1. Do they have the attention of the target audience you are trying to reach, in both existing and new markets?
2. Can they keep your company, products and services visible to customers and prospects at all times?
3. Do they offer a variety of integrated marketing programs that align with your marketing objectives?
4. Do they deliver targeted, quality leads with full contact information?
5. Do they provide reporting you can use to measure the performance of your marketing and justify your marketing investments?

Once you have lined up potential media partners, work with them to put together a program that will help you accelerate lead generation and branding visibility as you ramp up your marketing efforts. Have the program designed, approved and ready to launch when marketing budgets open up.

It Won't Be "Marketing as Usual"

If there's one big lesson for marketers in this downturn, it's that old forms of marketing will not perform well and will not be tolerated. Avoid this critical mistake: don't go back to the same old way of doing things.

As a marketer, you must be prepared to think differently about your approaches to connecting with customers, prospects and markets. Even before economic problems hit, marketing was trending away from traditional media such as printed trade journals and in-person trade shows, and towards online media such as online search, e-newsletters, virtual events and banner advertising. Your audience has already migrated online, and will continue to stay online as the economy recovers.

Evidence of the shift online

Here are a few statistics that demonstrate how the behavior of your customers and prospects has changed:

- 85 percent of engineering, technical, manufacturing and industrial professionals use the Internet to find components, equipment, services and suppliers, and to obtain product specifications. 75 percent spend three or more hours per week on the Internet for work-related purposes. Your audience is online; you need to be there to connect with them.²
- Four of the top five resources that technical professionals use when searching for products, services, and suppliers are online resources: general search engines, supplier Web sites, online catalogs, and GlobalSpec.com. The only non-online source to make the top five is “peers/colleagues.”³
- Engineers and other technical professionals prefer e-newsletters to printed trade magazines as an information source. 34 percent of engineers have reduced their use of printed trade magazines in the past year, continuing a trend that has been documented for years. However, 56 percent receive three or more e-newsletters and 48 percent read electronic newsletters daily or several times a week.⁴

² 2011 GlobalSpec Economic Outlook Survey.

³ 2011 GlobalSpec Economic Outlook Survey.

⁴ 2011 GlobalSpec Economic Outlook Survey.

Trade Shows and Traditional Advertising are Suffering

According to the 2010 Business Information Network (BIN) report for B-to-B media, 2009 to 2010 showed “a decline in tradeshow and print, which was compensated by growth in digital and data.”⁵

- The CEIR Index Report revealed that the overall exhibition industry fell for the third consecutive year in 2010, reporting a decline of 2.4 percent. Out of all of the factors measured, revenue suffered the largest decline of 8.4 percent.⁶

Overall, the trade show industry has been continuously trending downward the last few years. On the other hand, with travel budgets and in-person trade shows on the decline, virtual trade shows—hosted completely online—are on the rise.

Engineering, technical and industrial professionals are gravitating toward Webinars, online events and online tradeshow. According to the GlobalSpec 2011 Economic Outlook Survey, 30 percent attended three or more online events in 2010, while 100 percent attended at least one. There was a corresponding drop in traditional tradeshow attendance. The majority (58 percent) of respondents didn’t attend any tradeshow in 2010. This is further evidence that your customers are moving away from this traditional media platform.⁷

- The number of ad pages in printed business publications continues to plummet. Total ad pages in business-to-business publications fell three percent in 2010, following a dip of nearly 30 percent in 2009.⁸ The subsequent loss in revenues has led to some B2B publishers trying to sell their print publications, but few are finding buyers. Other publications are reducing print frequency.⁹

However, this decline in ad pages and revenue is not a new trend: due to the migration of your audience online, the printed advertising industry was struggling even before the economic recession struck.

As the industrial professional relies more and more on online sources, traditional media usage continues to decline. Printed trade magazines are used less than half the time as a source to search for products, services and suppliers, and 34 percent of engineers have reduced their use of printed trade magazines in the past year, continuing a trend that has been documented for years.¹⁰

⁵ “2010 BIN Report for B-to-B Media,” American Business Media,

<http://www.americanbusinessmedia.com/abm/NewsBot.asp?MODE=VIEW&ID=2460&SnID=958094240>

⁶ “CEIR releases final 2010 index results,” Exhibit City News,

http://www.exhibitcitynews.com/index.php?option=com_content&view=article&id=2066:ceir-releases-final-2010-index-results&catid=42:national&Itemid=123

⁷ 2011 GlobalSpec Economic Outlook Survey

⁸ “B-to-B Ad Pages Fall 3.1 Percent in 2010 But Are Things Actually Improving?,” Matt Kinsman, Folio,

<http://www.foliomag.com/2011/b-b-ad-pages-dall-3-1-percent-2010>

⁹ “B2B Ad Pages Down 30 Percent,” Eric Saas, Media Daily News,

http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=112238

¹⁰ 2011 GlobalSpec Economic Outlook Survey

Few if any experts expect the old ways of marketing and advertising to return.

Manufacturers are closely evaluating the performance of marketing programs, reducing or eliminating programs that don't perform well, and choosing marketing programs that are measurable.

If It's Not Marketing as Usual, What are Suppliers Doing?

Few if any experts expect the old ways of marketing and advertising to come back. Even advertising agencies themselves see the writing on the wall. According to AdWeek:

“Experts say agencies will not be able to simply return to business as usual. Some will be better positioned to grab a greater share of spending than others, say industry watchers, and those with the edge will be the ones that can optimize the use of digital media.”¹¹

The article goes on to point out that post-recession marketers will “rely on a portfolio of marketing and media vehicles, allowing them to reach with greater precision and greater accountability than they ever had before.”¹²

On the supplier side, many manufacturers have already adopted the new reality of marketing. According to the recent survey, “Trends in Industrial Marketing 2011,” 12 percent of industrial marketers are reducing trade show attendance and 12 percent are reducing print ads, continuing the decline seen over previous years. What is taking the place of these traditional media? 50 percent report that online marketing is a greater portion of their marketing budget in 2011 than in 2010.¹³ In addition, three of the top four sources of leads for manufacturers in 2011 are online programs: company Web sites, GlobalSpec and e-mail marketing.

Measurement and Accountability are Here to Stay

The measurement of marketing effectiveness was becoming a priority before the downturn. It commanded increased attention as executives demanded accountability from marketing, and measurement will remain a mandate as the economy recovers and marketing is the beneficiary of more investment.

Manufacturers recognize the need for marketing measurement. Like most companies, manufacturers are loathe to invest marketing dollars not knowing what they are getting for their return, but the fact is that the effectiveness of print ads, trade shows and other forms of traditional marketing have always been difficult to measure.

The demand for measurement is also infiltrating the world of advertising agencies as clients have come to expect more accountability. Agencies will need a good understanding of measurable programs, know which ones will work for specific client objectives, and be able to deploy them for their clients.

¹¹“Ad Biz Faces the ‘New Normal’,” Steve McClellan, AdWeek, August 3, 2009, http://www.adweek.com/aw/content_display/news/agency/e3ia2224c3f78e5a3ce8f0edef5e540cd3d?pn=1.

¹²“Ad Biz Faces the ‘New Normal’”.

¹³“Trends in Industrial Marketing 2011,” GlobalSpec.

Whatever marketing programs you choose, make sure you can measure their effectiveness. This will allow you to see what works and what doesn't, as well as justify your marketing investments.

Online Marketing is Measurable

Online marketing has proven to be effective, and by its nature is measurable. Online programs are built around impressions, clicks and conversions—metrics which can be captured and then analyzed.

Take virtual events, for example. These online trade shows can track every move registered attendees make from the time they enter the digital door: which vendors they visit, time spent, materials downloaded, discussions and more.¹⁴ Leads can be scored and prioritized according to their online behavior, helping an exhibiting company plan their response and convert more leads to customers. Compare that to a fishbowl of business cards collected at a trade show.

It's also easy to track the number of visitors to a Web page, the number of clicks on an online ad, and the number of visitors converted to leads for any online offer.

The key takeaway for marketers is that whatever marketing programs you choose, make sure you have tools to measure their effectiveness. This will allow you to see what works and what doesn't, as well as justify your marketing investments.

Online Marketing: Beyond the Basics

Your customers and prospects have long since migrated to the Internet to search out and locate products, services and suppliers. No doubt, you have an Internet presence as well. But at this point in the maturation of the Internet and its place in the business world, you need more than a company Web site to be effective online. You can't just drive anonymous clicks to your Web site. In other words, it's no longer Online Marketing 101.

To gain visibility into key markets, attract the attention of customers and prospects, and generate qualified leads that translate to legitimate sales opportunities, industrial companies today must deploy a portfolio of integrated, online programs that work together to achieve marketing objectives.



¹⁴ "Virtual Shows Find the Spotlight," min's b2b, June 22, 2009.

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A portfolio of online marketing

Consider these examples of effective online marketing programs:

- Targeted e-newsletter advertising delivered to a specific industrial audience of opt-in subscribers. Prospects click on your offer, such as a white paper or Webinar, and are directed to landing pages with conversion forms that generate leads.
- Searchable online catalogs of parts and components that deliver leads with full contact information and areas of prospect interest, helping expedite an appropriate response and increase sales opportunities.
- Robust listings in online directories and Web sites frequented by an industrial audience that can find your company description, technical articles, products, services and more.
- Banner ads distributed over targeted industrial Web sites that increase the visibility of your company and invite prospects to click-through to take advantage of offers.
- Participation in industry-specific online trade shows where you can position your company as an industry expert and thought leader, generating brand awareness and exposure for your business.

There are common threads running through all of these online marketing programs: they are targeted to a specific industrial audience and their performance is measurable—exactly what you need to put in place to be ready for the economic recovery.

Emerging from the Downturn: A Six-Point Checklist for Success

1. **Build marketing plans and justify expenditures now.** Don't wait to hear that funds are available for marketing. Proactively plan your marketing efforts for the recovery and gather evidence to justify your expected marketing expenditures. Make sure you receive executive endorsement so you're ready to go as soon as possible. Otherwise, you might fall behind competitors.
2. **Prioritize marketing investments.** You won't be able to start everything at once, which is why it's more important than ever to prioritize your marketing investments where they will deliver the most return. Seek integrated marketing programs that use multiple tactics to maximize your exposure and opportunities for sales leads and that ensure you are reaching your prospects and clients at every stage of the buying cycle.

3. **Explore new markets.** Your products and services may be a good fit for one of the faster-recovering sectors. Manufacturers that can display their products and services simultaneously across multiple markets will have the best opportunity to gain new customers. Online industrial ad networks, e-newsletter advertising and vertical search engines are effective ways to target specific customers in new markets.
4. **Update marketing materials and fine-tune messaging.** Make sure your marketing collateral and Web site are up-to-date with current messaging and the latest product versions. If you choose to enter new markets, you may need to revise some messaging and re-purpose existing case studies, white papers and other materials. Do it now to avoid long lead times.
5. **Emphasize measurement and ROI.** To get any marketing plan approved going forward, you will need to demonstrate accountability. Today, the most effective marketing programs are online programs whose performance can be measured and analyzed. Online programs are built around impressions, clicks and conversions. You can easily see what is working and focus marketing dollars on the most successful programs, which will help reduce waste while increasing results.
6. **Work with new media partners.** Preparing targeted, online marketing programs for the economic recovery may be new to you, and you shouldn't have to do it alone. This is a good time to consult with an experienced online media partner that understands and has the attention of the industrial audience you need to reach. Discuss your marketing objectives and have them show you an integrated marketing program that will help you achieve your objectives and provide measurement and accountability.

The GlobalSpec Advantage

GlobalSpec offers valuable online advertising programs for business-to-business companies targeting the engineering, manufacturing, technical and industrial communities. Through both lean and robust economic times, we deliver your target audience—potential customers who are looking for products and services like yours.

Customers not clicks

You require more than just anonymous traffic. You need to know exactly who you're reaching with your online marketing. Because our targeted audience is made up of industrial professionals registered with GlobalSpec, we provide you with detailed contact information from qualified prospects along with intelligence about the specific products and services they searched for. And you receive this information in real time, allowing you to respond quickly and increase sales opportunities.

Personalized, expert support

With more than 12 years experience in the industrial marketplace, our online marketing experts are committed to your business success. We work to support your program every step of the way, strengthening your performance, offering one-on-one advice and saving you valuable time.

Smart solutions you can count on

Choosing the right online marketing solutions can be the difference between program success and failure. A broad range of options is available—including online searchable catalogs, e-newsletters, banner ad programs, directory listings and more. All are highly targeted, smart solutions that expand your reach while generating relevant, measurable results.

About GlobalSpec

GlobalSpec is the leading provider of online marketing programs for companies interested in reaching the engineering, industrial and manufacturing communities. This audience relies on GlobalSpec to search for and locate products and services, learn about suppliers and access comprehensive technical content. They read our e-newsletter publications, search our web site, engage in our online communities and attend our online events.

For manufacturers, distributors and service providers, GlobalSpec offers a suite of marketing programs and services that provide measurable engagement and tangible results, delivering your message and product information to your target audience - online and in their inboxes - during all phases of their search, research, design and purchasing cycles. We provide highly filtered sales leads and marketing opportunities, branding and exposure for your company, its products and services, and qualified web traffic to your site via catalog and directory programs, more than 60 product- and industry-specific e-newsletters, banner ad networks, and online events that have drawn over 50,000 attendees.

The ability to find new customers... to tap into new markets or new regions that are actively seeking your products and services... to gain awareness and exposure among a targeted audience... to position your company as a thought leader... to strengthen your online presence with a comprehensive marketing program – this is the GlobalSpec approach. And it's why many manufacturers and suppliers choose GlobalSpec to meet their marketing needs and help their businesses grow.

For more information on how GlobalSpec can help you reach your target audience, please call 800.261.2052 or visit www.globalspec.com/advertising.



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