



# **Industrial Indicator Survey 2011: State of the Industrial Marketplace**



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## Introduction

In July 2011, GlobalSpec conducted a survey of its registered user base of engineering, technical, manufacturing, and industrial professionals.

The **GlobalSpec Tenth Annual Industrial Indicator Survey** provides an understanding of how current U.S. economic conditions are impacting organizations in the industrial sector. The survey asked respondents to identify current and projected financial performance, issues of focus or concern, spending plans, and other business initiatives in their companies. The results of the survey are compiled and analyzed in this white paper, with recommendations on how suppliers and manufacturers should respond to current economic marketplace conditions to achieve better marketing results.

## Highlights from Survey Results

Of the 423 U.S. respondents, 89% are technical professionals and 90% are involved in the purchasing of technical products, components or services. 74% influence more than \$10,000 in annual component/equipment spending, and the majority (51%) influence more than \$50,000 in annual spending. 71% stated that the components and services spending they directly influence will increase or stay the same in the second half of 2011 compared to the first half of 2011.

Highlights from the survey results include:

- 52% stated their company's 2011 revenue will be higher than 2010 revenue, about the same percentage (51%) that reported increased revenue in 2010 over the previous year.
- 69% stated their company is on or ahead of target for revenue projections set for 2011.
- 22% of companies have increased product lines in 2011, compared to 14% last year. Other increases over 2010 include: 22% increased sales & marketing spending compared to 17% in 2010; 27% have increased headcount (18% in 2010); and 19% have increased the number of vendors they use (11% in 2010).
- 56% have reduced spending, compared to 64% in 2010.
- 52% are concerned about quality, 47% about improving production efficiencies, and 46% about expanding into new markets. 29% stated that the economy is the biggest single area of concern for their company.





## Conclusions

**The industrial sector economy has stabilized, yet remains a concern.** For the past two years, a slim majority of companies stated their company's revenue will be higher than the previous year. In addition, 69% stated their company revenue is on or above target for 2011, a sign of optimism. At the same time, industrial professionals are not convinced a full economic recovery is underway. 29% stated that the economy is the single biggest area of focus in their company in 2011. The next closest single area of focus is expanding sales into new markets (9%).

**Spending and expansion are increasing.** Companies are beginning to focus on growth-oriented initiatives. 27% of companies have increased headcount in 2011, compared to only 18% in 2010. 16% are increasing spending this year (compared to 13% in 2010). 22% are increasing sales and marketing spending (17% in 2010). 17% are increasing capital expenditures (10% in 2010). 19% are increasing the number of vendors they use (11% in 2010). In addition, in 2011, 32% are expanding sales to new markets and 46% of companies stated that expanding sales to new markets is an area of focus for their company. These results validate the conclusion that companies are looking forward and taking steps to invest in the future, despite some lingering concerns about economic conditions.

**Companies are focused on production and products.** 22% of industrial companies are increasing product lines in 2011, compared to 14% doing so in 2010. In addition, improving quality and production efficiencies are top concerns for industrial companies. These initiatives and areas of focus will lead to spending on components, parts, and services in the second half of 2011 to develop new products as well as to improve production processes and quality control. 71% of survey respondents stated the component and services spending they directly purchase or influence will increase or remain the same in the second half of 2011 compared to the first half, indicating stable or increasing budgets and continued spending.

## Recommendations for Manufacturers & Suppliers

1. **Maintain or increase marketing presence.** Despite ongoing concerns about the economy, companies are forging ahead with growth plans. 28% of companies are increasing spending in the second half of the year and 19% are increasing the number of vendors they use this year. Three key areas of focus for companies are increasing product lines, increasing production efficiencies, and improving quality. Each of these initiatives will lead to spending on components, products, and services. Suppliers and manufacturers should continue to ramp up their marketing efforts so their company, products, and services can be found by customers and prospects. Be sure to include online marketing as an integral part of your mix, as research has shown that over 90% of engineers use the Internet to locate suppliers, components, and products.



2. **Focus resources on market opportunities.** 32% of companies are expanding sales into new markets and 46% of companies listed expanding sales to new markets as an area of focus. Manufacturers that can display their products and services simultaneously across various industries will make best use of their marketing investments and have the greatest opportunity to gain new customers. E-newsletter sponsorships, online events, Webinars, and online catalogs are effective ways to target specific customers across numerous industries. Work with a trusted media partner with expertise in the industrial sector who can help you choose appropriate programs to reach every market important to your company.
3. **Connect with customers online.** The vast majority of the industrial audience has migrated online to search for products and services. Therefore, online marketing programs offer you the best opportunities to connect with potential customers in both current and new markets. According to the [2011 Industrial Marketing Trends Survey](#), most industrial companies understand this and are increasing the percentage of their marketing budget allocated to online programs. Not only can you better connect with your audience online, you can easily measure and analyze the performance of online programs, which are built around impressions, clicks, and conversions. You can see what is working and focus your marketing dollars on the most successful programs, which will help reduce waste while increasing results.

## How to Use These Survey Findings

You can use the data reported in these findings as a benchmark to measure your company's activities, and the conclusions and recommendations to help craft marketing strategies to match the issues most important to your customers today.

If you have any questions please contact us at 800.261.2052.

## About GlobalSpec

GlobalSpec is the leading provider of online marketing programs for companies interested in reaching the engineering, industrial and manufacturing communities. More than 6.5 million professionals rely on GlobalSpec to search for and locate products and services, learn about suppliers and access comprehensive technical content at all phases of their search, research and purchasing cycles. For manufacturers, distributors and service providers, GlobalSpec offers a suite of marketing programs and services that provide measurable engagement and tangible results, including catalog and directory programs, more than 60 product- and industry-specific e-newsletters, banner ad networks and online events.

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

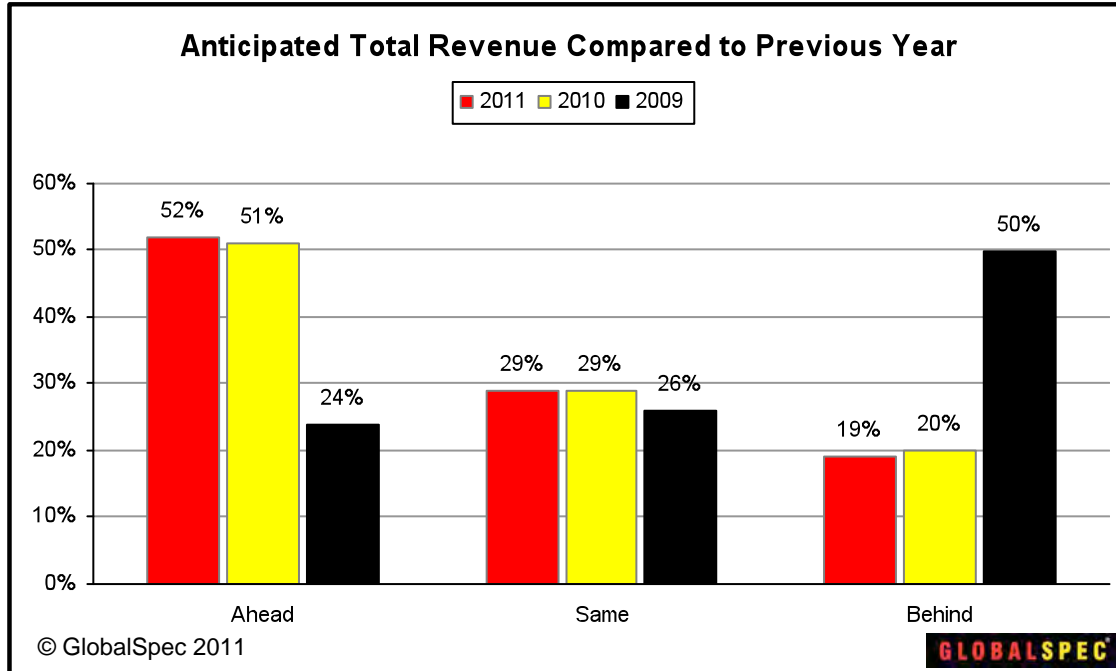




## Tenth Annual Industrial Indicator Survey

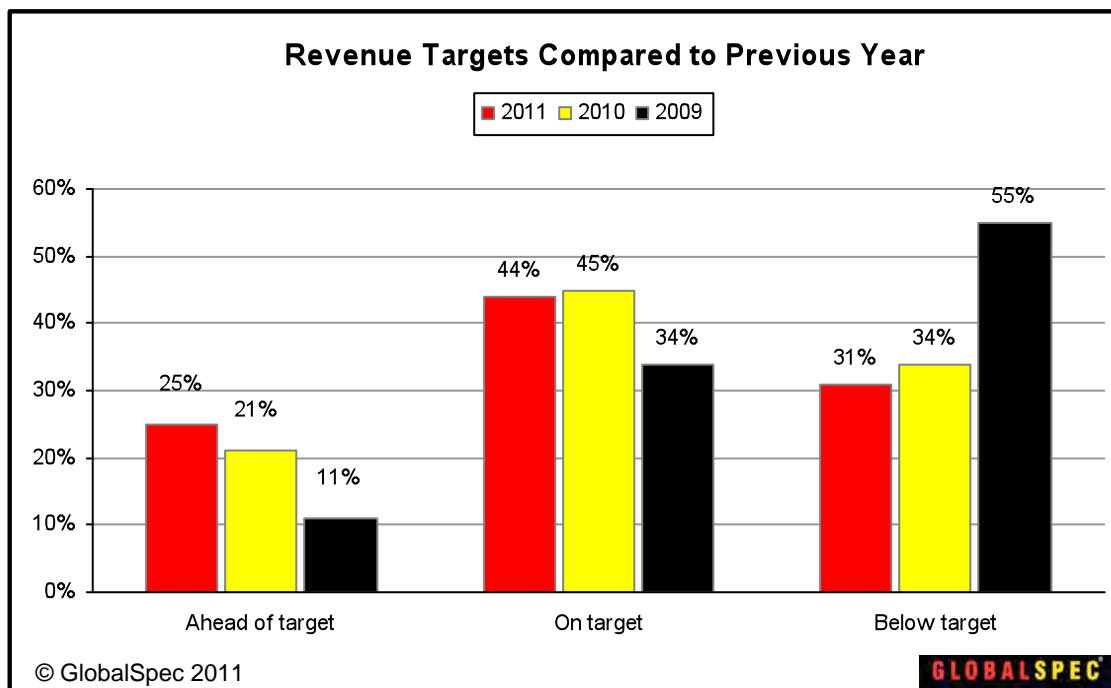
(U.S. Respondents)

What do you anticipate your company's total revenue will be this year compared to previous years?



*52% of companies in the industrial sector expect their 2011 revenue to be higher than 2010 revenue, the second year in a row a slim majority expected higher revenue over the previous year.*

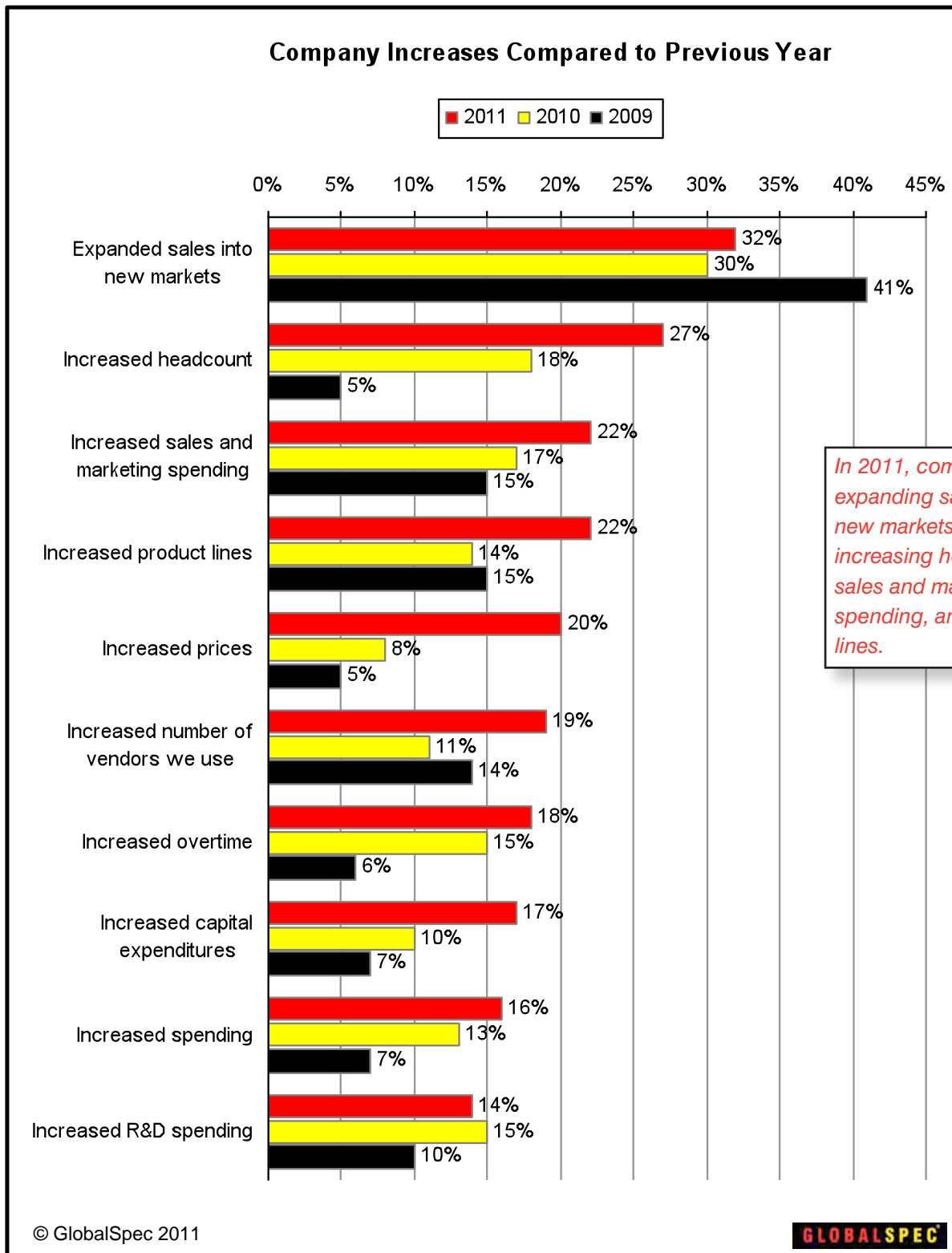
Please select the statement that best represents your company's revenue projections for the current year.



*69% stated revenue projections are on or above target for 2011.*



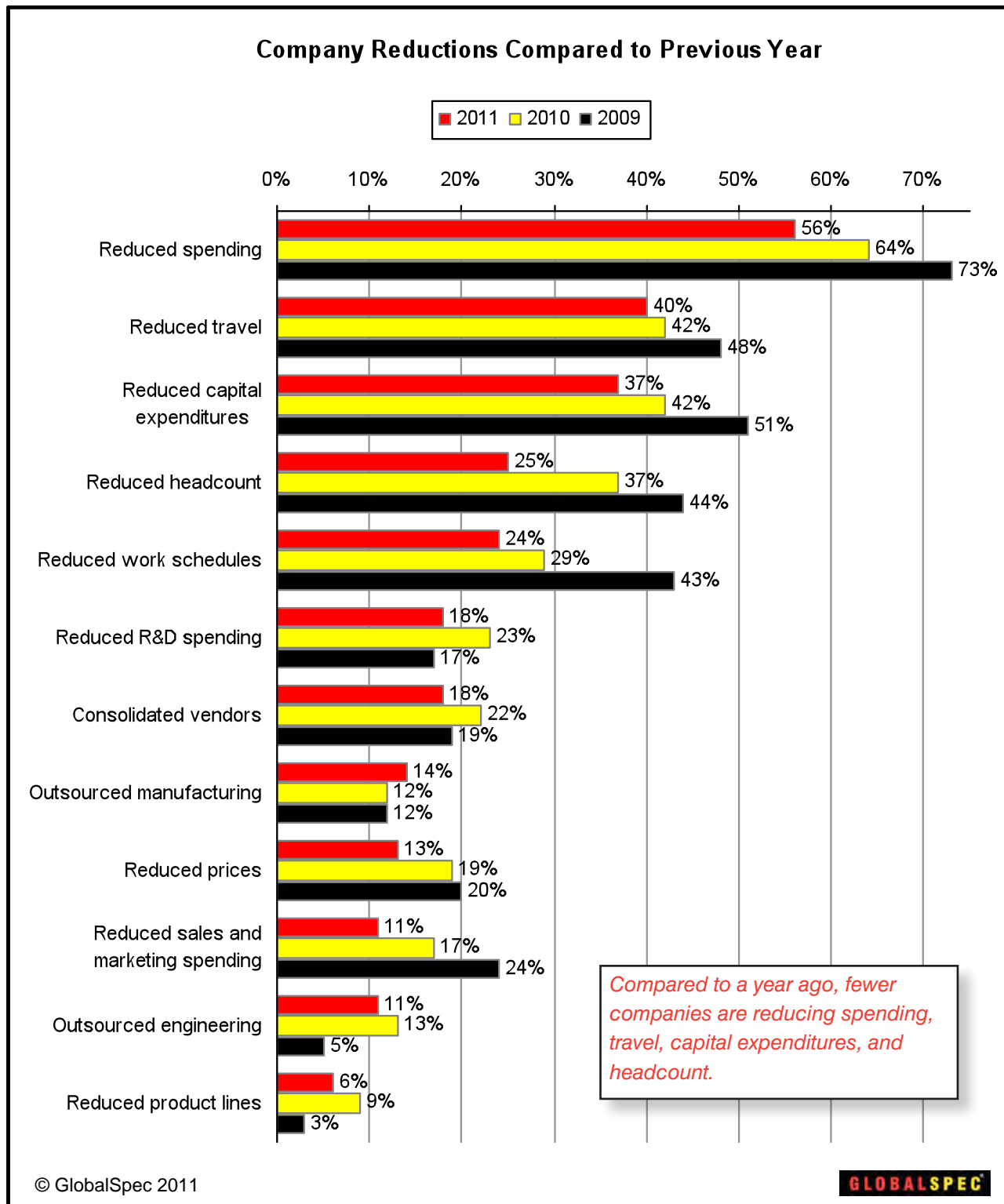
## Which of the following has your company done?



For the third year in a row, expanding sales into new markets tops the charts in terms of company increases. This may indicate that manufacturers are finding success again in their traditional markets as well as re-positioning their offerings to new customers in new markets and investing in marketing programs that increase the depth and breadth of their reach.



## Which of the following has your company done?

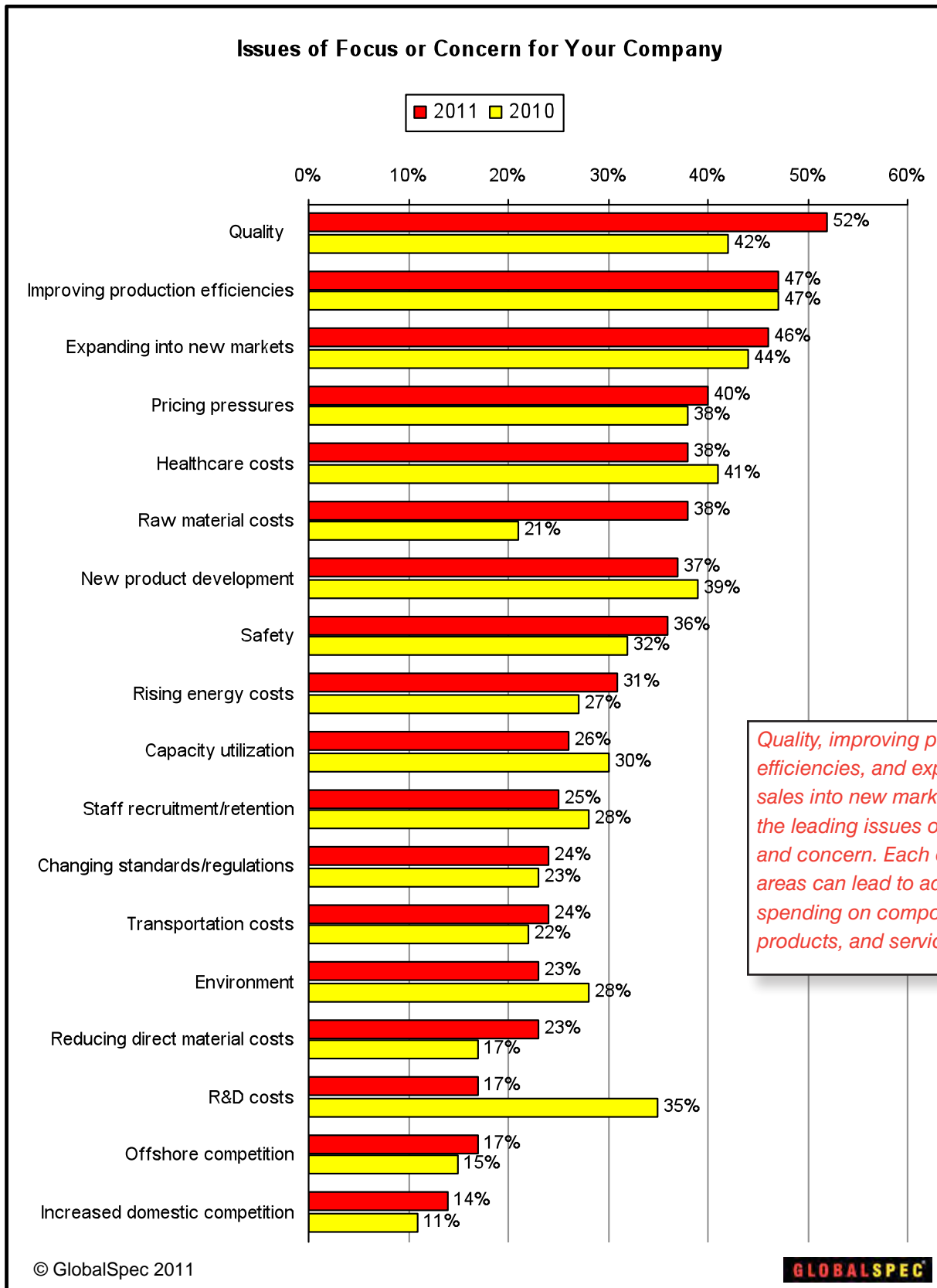


Compared to 2010, fewer companies are making reductions in 2011, the second year in a row companies are making fewer cutbacks. This may be the best indication that the industrial sector is operating in an improved economic environment and spending is picking up – a sign of measured optimism. Manufacturers and suppliers should maintain their market presence to be found by potential customers as they begin new business initiatives.



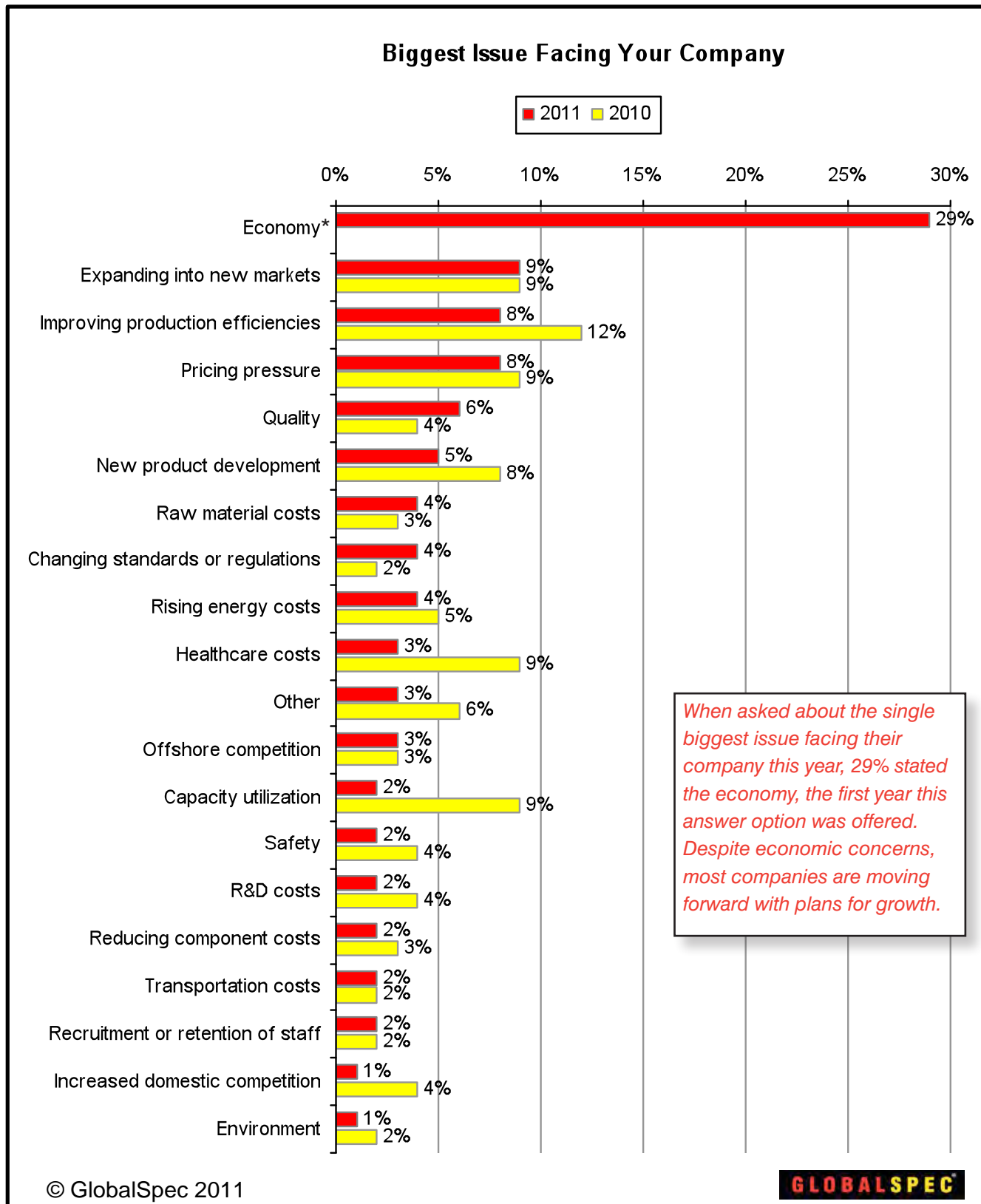


Which of the following issues is your company currently concerned about or focused on?





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\*Only 2011 results available as this was the first year this question was asked.