

# THE EVOLUTION IN ONLINE MARKETING: SOLUTIONS FOR REACHING THE INDUSTRIAL AUDIENCE



A Frost & Sullivan White Paper

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## **INTRODUCTION: HOW THIS WHITE PAPER WILL HELP MANUFACTURERS MEET AND EXCEED END-USERS' NEEDS**

The purpose of this paper is three-fold. First, it will help manufacturers understand how and why the marketing landscape has been shifting from the traditional methods of marketing used in the manufacturing sector to online marketing methods. Then it will review, in detail, the current needs, demands and expectations of engineers and technical buyers (end-users) as they identify, search and choose a product. Finally, this paper will explore the choices end-users have in online marketing services and how GlobalSpec's unique solutions help at each step of the buy cycle, with strong advertising options for manufacturers to enable them to capture and retain these end-users.

### **IMPACT OF THE INTERNET ON COMMUNICATION AND PURCHASING**

The Internet has radically altered the way consumers gather information. Recent research by Nielsen indicates that more than 80 percent of all Americans have access to the Internet, with that same percentage indicating belief that the Internet will be the main source of information media in the next five years.

Traditionally, industrial buyers sourced their products directly from the manufacturer or supplier, using print materials or co-worker referrals to find company names. They would then pick up the phone and start the product buying process. Today, with the resources available online, buyers have moved into that space with the expectation of finding what they need on the Internet. Successful manufacturers have followed their customers into that space, taking advantage of the medium to expand their customer offerings and transition from simply providing products to offering in-depth content about their products and industry. The transition works both ways, with manufacturers also being able to bring their customers into the online space, enabling them to deepen their existing client relationships.

### **TRANSITION FROM TRADITIONAL MARKETING TO ONLINE MARKETING**

Research conducted by Frost & Sullivan suggests that manufacturing sector marketers have lagged behind the general consumer market on the adoption curve of online marketing due to their greater reliance on the traditional methods of marketing, including print magazines, trade shows and direct contact with a manufacturer's representative. As the Internet gained traction in the consumer market through websites such as Amazon, eBay and other large shopping portals, as well as in the increased advertising opportunities of banners, pay-for-clicks and company websites, manufacturers began to realize the value of establishing a Web presence. Industrial end-users began using large search engines such as Google and Yahoo! in order to begin their research process from the comfort of their desks. As more detailed websites became available for their use, such as industrial-specific search engines and websites, users began to recognize the value of these types of resources. These focused sites allow advertisers to take advantage of marketing to a targeted, relevant audience that is actively seeking their products, while end-users can bypass the irrelevant results of generic search engines and drill down, quickly and easily, to find the needed information and

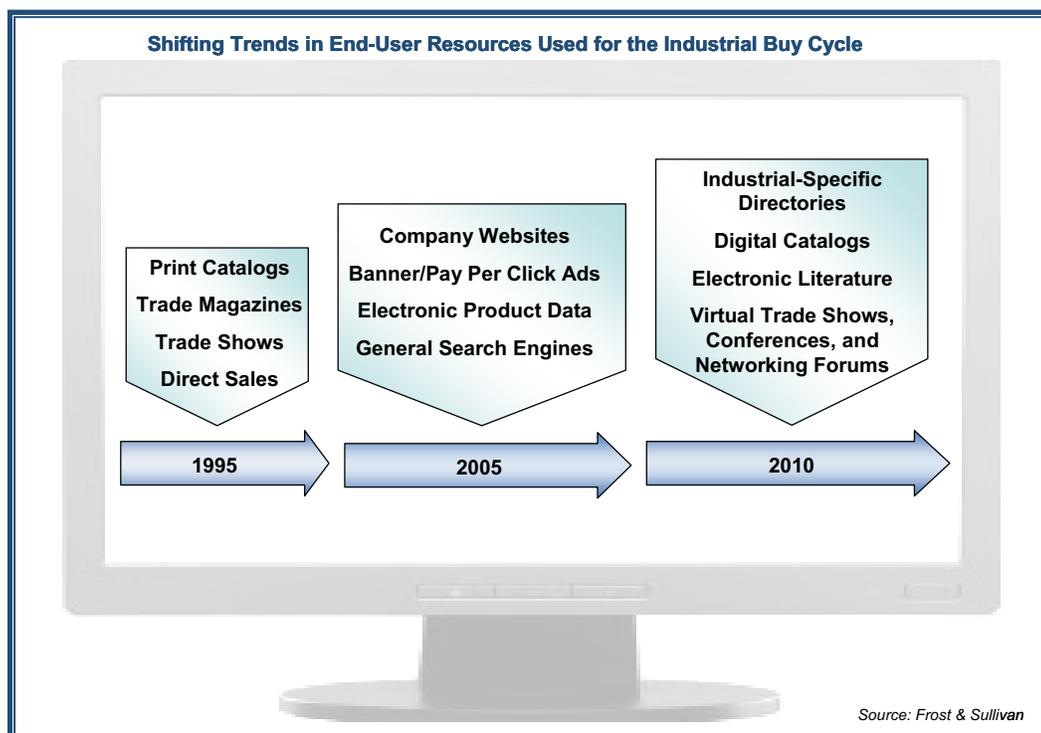
products. However, not all of these industrial directories offer the same services or provide the same level of interactive connectivity between end-user and manufacturer. A best-in-class, industrial-specific search directory must offer the services and content that draw end-users into becoming repeat visitors, while providing manufacturers and suppliers with the most efficient tools for capturing and retaining the attention of those end-users.

## UNDERSTANDING END-USERS' METHODS OF ONLINE SEARCH FOR PRODUCTS

### THE 'OLD SCHOOL' METHOD OF SEARCH AND ITS DECLINE

The Internet has changed the way end-users search, research and choose the product they need. Previously, end-users engaged in a laborious method to acquire a product or service. After identifying a product need, they consulted with co-workers and on-hand manufacturer catalogs to research the type of product and its typical usage. A series of phone calls were then made to sales people at multiple companies to ask about specifications and product details in an effort to educate themselves and evaluate their choices. Finally, they picked a product and started the acquisition process.

Many end-users simply no longer have the time or patience for the “old school” sales process method. Rather than calling a dozen vendors pulled from a print magazine, industry research shows that at least 80 percent now review a company’s website to narrow down their vendor list. In a major activity shift, that research also shows that end-users most often visited online sources, such as supplier websites and search engines, before trade magazines.



## WHY THE SHIFT?

In the past, engineers and technical buyers augmented their general knowledge of the latest industrial technologies by reading print magazines, pamphlets or brochures, and by attending trade shows. These traditional methods of advertising for manufacturers have declined in usage due to end-users' needs to cut back on expenditures, find content quickly and easily, and hasten the acquisition of products. According to the Center for Exhibition Industry Research (CEIR), the exhibition industry experienced a 12.5 percent decline in attendance in 2009. Furthermore, an additional study by Exhibitor Magazine found that only 40 percent of manufacturer/industrial attendees planned to make any purchases within the next 12 months after attending a trade show. In the print industry, the Publishers Information Bureau reported an 18 percent decline in 2009 revenue for U.S. magazine publishers, which has led to hundreds of titles being closed, including a number of industrial trade magazines.

Labor issues have also affected the methods by which manufacturers have traditionally reached customers. Many end-users' companies have suffered significant talent pool depletions due to recession-forced reductions in workforce, or to personnel shortages of specific technical expertise. As these end-users have been forced to "do more with less," time-sapping activities such as travel, or redundant rote activities such as repetitive calling, have necessarily been curtailed. As manufacturers work to maximize asset productivity and optimize their production processes, they have also brought these attitudes from the production floor to back offices and other enterprise activities with the idea that human process and activity also has an ROI. This trend is expected to continue for the foreseeable future.

## WHAT THIS MEANS TO MANUFACTURERS

As end-users' patterns and habits have changed, so must the methods that manufacturers use to reach them. Traditionally, because buyers worked directly with the manufacturer or supplier, they had the ability to directly educate and influence buyers on their products and services. Now, manufacturers have to find a way to bring their influence online, as end-users may judge a company solely on what they can learn about them via their website and other online presence. Technical buyers and engineers expect suppliers to at least have a functional website or substantial online presence that provides them with full, detailed product information, including product specifications, application uses, downloadable literature, and other data.

Additionally, just as manufacturers must follow their customer base online, so must they keep ahead of the competition. A company that has a strong online presence stands a much better chance of capturing the end-user's attention and business than a company that has none.

## END-USERS' NEEDS AND PREFERENCES THROUGHOUT THE INDUSTRIAL BUY CYCLE

### HOW END-USERS IDENTIFY THEIR NEEDS AND BEGIN THE RESEARCH PROCESS

Unlike commercial or retail shoppers, technical buyers and engineers typically do not browse the Web without first having discovered a problem and identified a need for a specific product, component or service. Once end-users have identified their need, they continue on to the next stage of the buy cycle by researching the required type of product or service.

### THE RESEARCH PHASE

The increasing online sophistication of end-users in terms of being able to use multiple keyword searches, specification/precision definitions, and online tools has driven the need for manufacturers to engage in a more interactive role with them. In the research aspect of the buy cycle, end-users initially need to find basic information on the product they are searching for, using online tools such as general search engines, online catalogs, supplier websites, network forums and industrial-specific search engine directories, such as GlobalSpec.

When starting their search, end-users frequently seek to update their knowledge on the latest products and innovations available in their industry, looking for articles covering a specific topic or trend in product use. With the advent of the Internet and its easy dissemination of potentially inaccurate information, professionals depend on reputable, reliable online directories and websites to provide anytime access to a variety of information resources that are regularly updated. Frost & Sullivan research has also shown that end-users respond to detailed technical information. The more specific the information is in terms of helping end-users solve their problem or make purchasing decisions, the more likely they are to continue using the information as a resource on an ongoing basis. The Internet also provides the perfect forum for interactions between end-users, with community boards, engineering forums, and email lists being used to share technical expertise.

As end-users gain the knowledge they need to start tracking down more specific information, they also seek out websites, online directories and Web portals that are easy to navigate, helping them use the company names, products or specifications that will narrow their search within their appropriate industry vertical, category and product types within that category. It is vital that manufacturers capture the attention of the end-users in this research stage so that they can compete in the comparison stage as well. If an end-user has not found a company's name or product in the research stage, it is highly unlikely they will do so after they have narrowed down their search.

## THE COMPARISON AND CONSIDERATION STAGE

Once end-users have narrowed down the scope of their research, they start the comparison and consideration stage of the buy cycle. To work through this stage, professionals have several requirements. They need the ability to compare across suppliers, using methods similar to their research stage, but on a narrower scope. In the comparison stage, professionals require the ability to search for a product, using details such as specifications, industry standards and part numbers.

Furthermore, they are searching for application ideas, patent information, company profile information and detailed product information that answers their questions regarding standards, specifications and material properties. The closer a manufacturer can get to answering all these questions in one place or a small set of places, the greater ability they have to capture the customer.

## THE PROCUREMENT STAGE

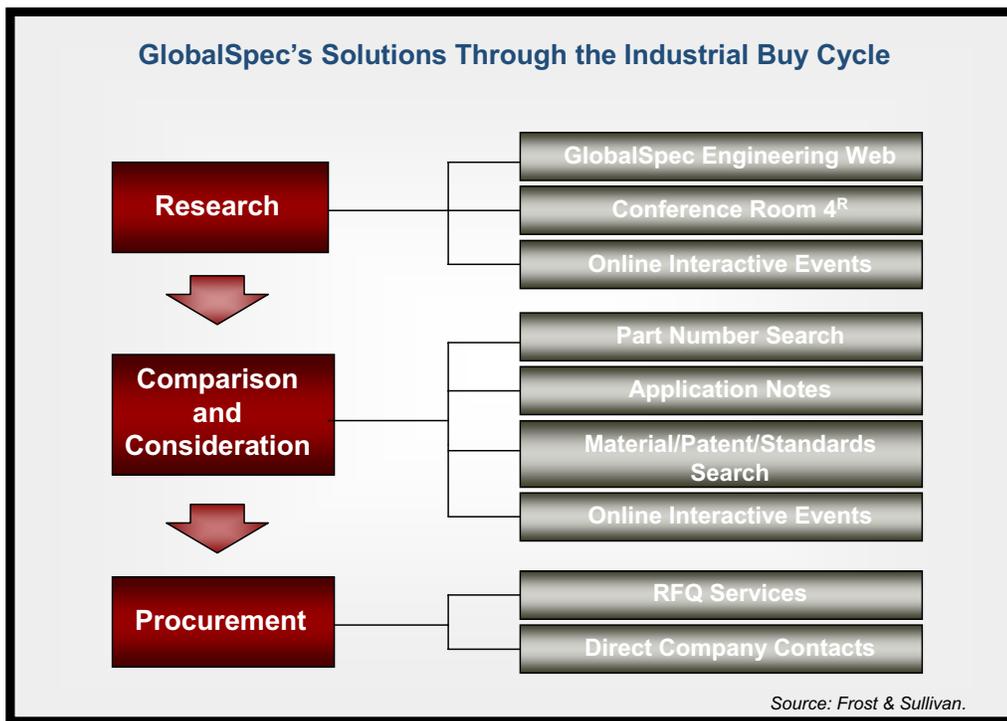
Unlike the online retail market, where consumers search, choose and purchase a product right on the website, procurement tends to operate differently in the industrial space. Unless the products are commodity or bulk items, research shows the majority of end-users still purchase their industrial products through some form of direct contact with the manufacturer because of the complexity or sophistication of the product. It is worth noting, however, that in these sales, procurement is often the only stage that is taken offline, with the manufacturer and product having been chosen as a result of online research.

For manufacturers, this illustrates the importance of providing the full chain of product information, leading an end-user from the initial research stage through the final consideration stage, increasing the likelihood of a purchase decision.

## **BEST PRACTICES IN PROVIDING SOLUTIONS TO END-USERS: HOW GLOBALSPEC HELPS MANUFACTURERS CONNECT WITH END-USERS**

Due to end-users' increasing sophistication in their search techniques, they generally are able to shorten their industrial buy cycle timeline, engaging in both their research stage and comparison stage almost simultaneously. By typing in specific product types and technical specifications in general search engines, they likely will hit upon a website or directory, such as GlobalSpec, that can lead them to answers for both their research questions and comparison questions. Although end-users may type a company's name in a general search engine and immediately find that company's website, the process of finding that specific name likely occurred beforehand, meaning that "last click" piece of marketing can be misleading to the manufacturer. To get an end-user's attention right at the beginning, manufacturing industry companies need to establish a presence at one of the primary sites where end-users start their search. This means they need to focus, not only on being listed high on the organic search results, which can be costly, but also on a major industry search directory, such as GlobalSpec. The more places a manufacturer can be found online, the more likely they are to be in consideration at the end of the buying process.

GlobalSpec is one of the primary online directories where technical buyers and engineers go to learn more about the products they need, compare suppliers who carry that product, and start the product acquisition process.



## THE RESEARCH PHASE

GlobalSpec offers a wealth of industry-specific information for end-users engaged in product research. On its website, end-users find up-to-date product information, e-newsletters, news alerts and technical articles. Manufacturers who include their catalogs, new product announcements and technical articles expose their companies' products and services to the GlobalSpec audience of professionals of nearly 6 million registered users. However, far from being a passive content repository, GlobalSpec also offers online conferences and trade shows. By participating in these events, manufacturers can interact directly with potential customers, an advantage that allows them to network and build relationships with the engineers and technical buyers making product-buying decisions.

GlobalSpec utilizes its proprietary SpecSearch, a best-in-class system that offers users a single unified search platform. The SpecSearch database employs a unique search technology that allows users to find more than 2.2 million products in more than 26,000 digitized OEM and distributors' catalogs using multiple specifications and criteria to help narrow down their search. End-users using GlobalSpec to find general product information also can take advantage of the GlobalSpec Engineering Web, which is a vertical search engine capable of searching more than 300 million technical and engineering Web pages available throughout the Internet.

When advertisers participate in the GlobalSpec online searchable catalog program and the directory program, they have the ability to capture potential customers at the start of their research stage. Potential customers can find their detailed company and product information, while the advertisers receive real-time, qualified leads with complete contact information and details on the products and services being searched.

GlobalSpec also powers the Conference Room 4® (CR4) networking space. CR4 is an engineering community site that is designed as an interactive space where peers can exchange engineering tips, gain technical help and discuss the latest news.

## THE COMPARISON AND CONSIDERATION PHASE

Once end-users have narrowed down their product search, GlobalSpec offers an array of additional offerings that will allow them to compare products across different suppliers as well as check product details to ensure the product matches their needs. If a buyer has acquired a product part number, a search function will let them find manufacturers and suppliers that carry that specific part. In addition, by clicking the link on a specific part, the end-user will be taken directly to the supplier Web page that features that item.

Many times, after finishing their research stage, engineers know what type of product they are looking for but may not know whether a specific product can be used for the application they have in mind. GlobalSpec offers several services to help end-users narrow down their product choices even further. GlobalSpec's Application Notes, which contains content developed by companies to explain the use of their product, is searchable by keyword. End-users can also use keywords on Material Properties, Standards and Patents search features to help them in their purchase considerations.

By using any of these GlobalSpec tools, end-users can quickly view detailed product information and images, in-depth company profiles, and comparative product features.

## THE PROCUREMENT PHASE

In the procurement stage, end-users have chosen a product to purchase and will start the acquisition process. GlobalSpec's advertising programs, through their e-newsletters, catalog and directory programs, can drive potential customers directly to a manufacturer's website. GlobalSpec also has a Request for Quote (RFQ) service, allowing end-users to contact manufacturers through the GlobalSpec website, creating a value-added customer service that aids in customer convenience.

## SUPPLIER-SIDE CASE STUDY

A key advantage of vertical search-focused sites/services is the ability for companies of all sizes to be “found.” This seems most advantageous for small- and mid-sized companies that may not have the “deep pockets” or internal expertise to create and sustain effective Internet outreach. However, companies of all sizes – even market leaders – can effectively utilize these services to fine-tune, broaden or otherwise augment their outreach.

This case study highlights a GlobalSpec customer that, through its use of the GlobalSpec website and online marketing programs, has been able to improve its name brand recognition and increase its qualified lead generation in a cost-effective manner.

Flowserve, a manufacturer of pumps, valves and seals, is located in 56 countries and has more than 15,000 employees. The company is comprised of two primary groups – the Flow Solutions Group (FSG) and the Flow Control Division (FCD), with several different business sectors making up each division. One of the primary challenges Flowserve, and more specifically the FCD, faces in the marketplace is the need to expand its brand name recognition. Flowserve does not manufacture a product that is sold under the singular brand name. Rather, it manufactures products under a number of different brand names, such as Worthington, Durco and Noble-Alloy. While each of these brands enjoys widespread global recognition, FCD needed to find a way to help end-users connect all of these different brands to the Flowserve name, which grants them a better understanding of Flowserve’s broad product offerings, scope of knowledge and depth of capabilities.

In addition to its interest in increasing brand name recognition, the Flow Control Division also needed to supplement traditional methods of reaching out to new customers. The changing dynamics of the workforce (a more experienced older workforce giving way to a younger, less-experienced generation) has driven companies such as Flowserve to not only provide products, but also become educators in how those products can be applied. For example, the FCD provided more than 6,000 man hours of training for its customers in 2009. Despite its lack of experience, the younger workforce tends to be more electronically savvy than the outgoing workforce. Flowserve recognized it needed to add broader methods by which it could reach out to the current and prospective cross sections of the market in order to garner qualified leads and contacts.

*“If you’re looking to buy or acquire something, where is the first place you go now? You don’t go to a magazine; you go to the Internet.” --Brian Hood, Product Portfolio Manager*

### **GlobalSpec Solutions**

The Flow Control Division started a test run with GlobalSpec in its Chemical sector. According to Roy Johnson, Director of Business Development, the FCD marketing organization chose GlobalSpec because “we’re getting more technically-based end-users who are looking for process-based solutions, and that’s what we offer.” To address

Flowserve's interest in increasing its brand name recognition, while also tackling the growing need for education and consultation in the field, the FCD uses GlobalSpec's website as a forum to publish white papers and new product announcements, while also taking advantage of banner ad services.

The Flow Control Division also utilizes the weekly and monthly lead generation reports that GlobalSpec delivers, enabling tracking of how many hits and product inquiries are received through the GlobalSpec website. In terms of direct lead generation, the FCD gets more qualified leads and orders from the GlobalSpec website than the service costs; so, at a minimum, the service is paying for itself. Brian Hood states, "In addition to the leads that we are receiving from our own website, Global Spec provides us with good, qualified leads that do turn into orders and relationship opportunities for our company."

In addition to driving inquiries to its website, GlobalSpec has proven successful in providing valuable leads to the FCD for opportunities that, according to Roy Johnson, they likely would not have seen without the report. A recent example included a direct lead that the FCD received in which the division was able to enter a large, potentially lucrative, project at the ground-level, giving them a competitive edge as the project moved forward.

## **Conclusion**

Over the past year, due to its success with GlobalSpec's offerings, Flowserve's FCD has expanded its use of GlobalSpec's services to other areas outside of the Chemical sector. The goal is to provide several spaces for Flowserve's various markets on GlobalSpec, which will allow engineering end-users to get a fuller view of the scope of Flowserve's products and commitment to customers.

*"GlobalSpec targets the right audience for Flowserve and tracks exactly the information that we need. It has been successful for us, and we have definitely gotten our money's worth; so, going forward, we anticipate our relationship with GlobalSpec will only strengthen," Hood said.*

## CONCLUSION

Successful online marketing services vendors develop services and technologies that meet both the end-user's need to find a product and the manufacturer's need to get products in front of the end-user. The marketing landscape for the manufacturing industry has been shifting over the past decade or so, moving away from the traditional methods of marketing – print, trade shows and direct sales – toward the online marketplace, including digital catalogs, electronic literature and interactive forums. Key marketing challenges for manufacturers include targeting the right audience for their products and effectively reaching them in the initial stages of the industrial buy cycle.

As an industrial-specific website, GlobalSpec provides manufacturers with qualified leads from their coveted target audience. Through its search catalog program, company directory program and other marketing services, GlobalSpec can provide manufacturers with end-to-end visibility of the end-user from the moment they begin their search for a product.

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