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# Reaching the Technical Buyer: New Marketing Strategies for Manufacturers

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A GlobalSpec White Paper

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## Executive Summary

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The way buyers and sellers of technical products connect is undergoing a revolutionary change. Print catalogs, advertising, direct mail and trade shows — until recently the primary marketing vehicles for manufacturers — are losing effectiveness and popularity.

Today, the Internet has emerged as the marketing medium that delivers the most impact and greatest return on investment for manufacturers. The reason: their target audience of engineers and technical buyers are on the Internet. Over 85 percent of engineers use the Internet to research specifications, find more comprehensive product information, shorten design cycles and get finished products to market more quickly.

Many leading technical product manufacturers have figured out that their target market of engineers and technical buyers are online and therefore that is where they need to be as well. They are changing their marketing mix to compete on the Internet and, ultimately, increase their business. And while online marketing offers accountability, not all online marketing strategies are equally effective. Relying on company Web sites and general search engines is not enough, and e-mail and banner campaigns don't reach engineers at the moment they are looking to buy.

The answer is an online environment, such as GlobalSpec, that brings engineers and manufacturers together. Engineers need an online product sourcing tool that lets them search for information using their preferred terms and get relevant results that exactly match their specifications. Manufacturers need an online marketing vehicle where their products will be discovered and showcased to a qualified engineering audience, and that will offer measurable, positive results in terms of leads, sales and return on investment. This online environment — where buyers and sellers naturally connect — gives manufacturers an unprecedented opportunity to become marketplace winners.

## Introduction

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- The Internet is revolutionizing the workplace and in particular the relationship between buyers and sellers of technical products. Engineers and technical buyers are now embracing the Internet as their primary means of product sourcing.
- The vast majority of engineers use the Internet to research specifications, find more comprehensive product information, shorten design cycles and get finished products to market more quickly. They require and expect a flexible, easy-to-use, and robust online searching environment that allows them to use familiar terms and technical specifications to find products and components.
- Because engineers are using the Internet to find technical products, manufacturers that provide product information on the Internet will see an increase in their business.
- Many leading manufacturers are already using the Internet to reach an engineering audience, maintain market share and attract new customers. Their strategy is to reallocate their marketing mix to take advantage of online marketing opportunities.
- How can manufacturers that embrace online marketing ensure they are found on the Internet by their target market of technical buyers and engineers? Relying on company Web sites and general search engines is not enough. Manufacturers need an online marketing vehicle where their products will be discovered and showcased to a qualified engineering audience, and that will offer measurable, positive results in terms of leads, sales and return on investment (ROI).

## **Key Statistics Cited and Referenced in This White Paper**

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- 79 percent of at work users say the Internet has improved their productivity.
- 83 percent report their use of the Internet to search for products and services has increased since 2000.
- 74 percent of engineers and technical buyers state they need to find components or services at least once a week, with 30 percent having a daily need.
- 90 percent of engineers use the Internet to research technical products. 35 percent indicate their use of printed trade magazines is decreasing and 30 percent report they will attend fewer trade shows in 2002 compared to 2001.
- 85 percent of engineers state the Internet has shortened their design cycle.
- Annual growth rates for online marketing spending are projected to be 11.6 percent per year between 2000-2005, and will pass magazines in terms of ad spending by 2005.

## The Internet Revolutionizes the Buyer/Seller Relationship

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8 out of 10 business professionals use the web for product information and evaluation.<sup>1</sup>

The impact of the Internet in the workplace has been nothing short of revolutionary. In just a few short years, the way we work — and perhaps more importantly, the way we buy products — has fundamentally changed. Information gathering for the business professional has gone from a time-consuming hodgepodge of reading catalogs and magazines, researching in libraries, and attending trade shows to staying put at a desk and using the Internet. Today, the Internet is the number one source for finding product information. Important research is conducted, critical decisions made, and essential products are purchased on the Internet — exciting phenomena virtually unheard of not long ago.

Some surveys reveal that an overwhelming 98 percent of people use the Internet for work. Why are workers so enthusiastic about and committed to using the Internet? Statistics from the Online Publishers Association<sup>1</sup> tell why:

- Improved Productivity — 79 percent of at work users say the Internet has improved their productivity.
- Product Information — 57 percent of at work users prefer to use the Internet to find out about new products, as opposed to 31 percent who prefer magazines.

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Product manufacturers must use the Internet to brand, market and sell products.

In addition, 83 percent of technical buyers report their use of Internet to search for products and services has increased since 2000, according to a recent survey.<sup>2</sup> These statistics point to an important mandate for manufacturers: use the Internet to brand, market and sell products. Think of the target customer you are trying to sell your products to in a business-to-business environment. More and more they're looking for you — and your competitor — on the Internet, and less and less looking in magazines, catalogs, directories, and other conventional places.

The fact is, business professionals believe in the Internet, and their usage and perceptions of the Internet prove it. The Internet gets more of workers' "media minutes" on any given day — 62 percent — compared to 6 percent for magazines. In a recent studies, 69 percent of professionals reported spending more time on business-to-business Web sites compared to two years ago<sup>3</sup> and 38 percent spend six or more hours a week on the Internet for work-related activities.<sup>4</sup> The Internet is also the place where workers say, "modern and up-to-date brands advertise." In other words, the Internet is the place to be.

The Internet has significantly changed expectations of buyers, and their expectations continue to grow as the Internet grows. Buyers demand and have come to expect 24/7/365 availability,

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complete and up-to-date product information, and sophisticated searching mechanisms that return meaningful results to their queries. The company that is stuck in the “Stone Age” of the Internet – still posting static product catalogs with limited searching capabilities – will suffer, because buyers will look elsewhere when confronted with such archaic Web sites.

The evidence is clear that business-to-business marketers must use the Internet as a major component of their marketing mix in order to reach today’s savvy buyers. And not just use the Internet, but harness all of its sophisticated capabilities for posting, searching, classifying, disseminating and sharing information.

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When the buyer is an engineer, the evidence is even more compelling and dramatic that a manufacturer must market and sell over the Internet.

When the buyer in mind is a technical buyer or engineer, the evidence is even more compelling and dramatic that a manufacturer must market and sell over the Internet.

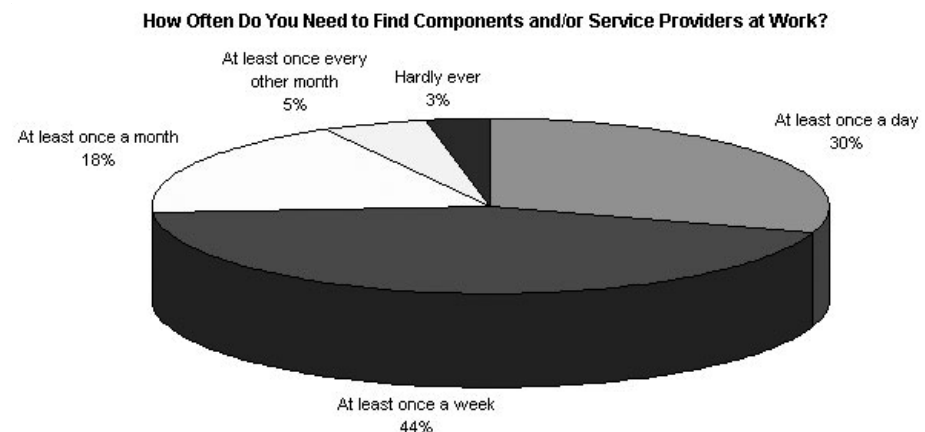
### **Do More. Reduce Costs. Work Faster. Be Innovative. . .**

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Who isn’t overwhelmed these days with the pressure to perform better on the job? Do more. Reduce costs. Work faster. Be innovative.

Design engineers in particular are confronting these demands. Consider both the burden and the opportunity engineers face: if they significantly reduce the new product development cycle they can get an innovative product to market first, fill a customer need, and dominate an entire category before their competitors even get in the game. The payoff is big, so is the risk.

To have any chance of succeeding in this environment, engineers need fast answers to their design challenges. They need accurate, up-to-date and meaningful information. They need to quickly locate products and components — one of their major job responsibilities.



74 percent of respondents to a recent GlobalSpec survey stated they need to find components or services at least once a week, with 30 percent having a daily need.

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How are engineers going to innovate, save costs, and speed time to market when they can't even find products and components that meet specifications?

The answer, of course, is the Internet.

## Engineers Are Embracing the Internet to Speed and Enhance Product Sourcing

Entire teams of engineers are taking advantage of the Internet to accelerate the various stages of product development. 85 percent report that the Internet has shortened their design cycle.

The way engineers work has undergone a remarkable change due to available Internet technologies. Entire teams of engineers are taking advantage of the Internet to accelerate various stages of product development. Idea generation, product design and implementation, system-on-chip, design-chain automation, and product sourcing all are enhanced by working in teams online, with each participant doing more from his own desktop and Internet connection.

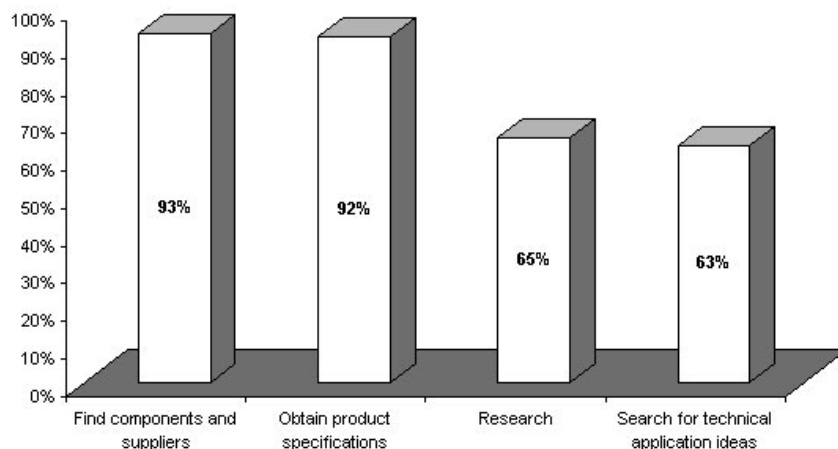
Entire new markets are burgeoning around this trend. Tools that allow design teams to share information and collaborate online are gaining widespread popularity, and the market for them is growing 16 to 20 percent per year, according to the Aberdeen Group.<sup>6</sup> It's easy to see why. The technology brings geographically dispersed internal design teams together online, speeds internal approvals, and improves communications between different groups involved in the design process. What's not to like?

One critical and risky phase of the design process that is now enhanced by the Internet is product sourcing. Over 90 percent of design engineers use the Internet to research technical products.

One critical and risky phase of the design process now enhanced by the Internet is product sourcing. Faced with the need for speed in sourcing products, design engineers are placing fewer phone calls to manufacturers (and waiting less time for a return call), abandoning catalogs that can be out-of-date as soon as they are printed, and turning their backs on traditional, time-consuming research methods. In a recent survey, 35 percent of engineers and technical buyers indicated their use of printed trade magazines is decreasing and 30 percent reported they would attend fewer trade shows in 2002 compared to 2001.<sup>7</sup> Instead, engineers are going online. And not just a few of them are going online — almost all of them are. A recent Gartner Dataquest survey found that

*"The Internet has shortened my cycle time. Online catalogs have allowed me to search multiple vendors' offerings without paging through thousand-page paper catalogs and has cleared out my bookshelf by doing so."*  
Engineer at a Fortune Top 5 Company

Which of the Following Have You Used the Internet For?



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over 90 percent of engineers use the Internet to research technical products.<sup>8</sup> They are seeking out product manufacturers and detailed product specifications and want to be able to share this information with team members and other technical buyers in their organization.

*"Instead of poring through lots of different magazines and source books, I now nearly always go online first and only if I can't find what I want, do I look at the printed stuff."*

Design engineer at a global supplier of cabling systems

## Electronic Catalogs Are #1

If engineers are going online to source products, then naturally the availability of resources such as electronic catalogs for researching and specifying products will significantly enhance the product sourcing process. In fact, electronic catalogs are by far the most useful feature used by online specifiers.<sup>9</sup> For the engineer with a sense of urgency in the product sourcing phase — virtually every engineer, that is — available online information is crucial in determining which manufacturer to purchase from.<sup>10</sup> Good information leads to a good experience and a good outcome, for both the engineer and manufacturer.

Design engineers will return to those web sites that have updated and comprehensive catalogs and specification sheets.<sup>11</sup>

Design engineers in particular will return to those Web sites that have updated and comprehensive catalogs and specification sheets and where useful content is aggregated and organized, saving them considerable time in searching.<sup>11</sup> On the other hand, a lack of complete information is almost sure to lead to a lack of return visits and thus lack of sales.

The conclusion to draw is obvious: the way that buyers and sellers of technical products connect has undergone a fundamental change. In order to connect with buyers, manufacturers, at a minimum, must have a significant and visible presence on the Internet, and must provide product information and specifications in detailed electronic catalogs.

## Manufacturers Are Changing Their Marketing Mix to Compete on the Internet

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Many leading technical product manufacturers have figured out that their target market of engineers and technical buyers are online and therefore that is where they need to be as well. They have taken the necessary steps and changed their marketing mix to reach buyers and achieve greater effectiveness. In a recent article in *BtoB*, Brian Fetherstonhaugh, senior partner of global brands at Ogilvy & Mather Worldwide, stated that more and more business-to-business advertisers are moving away from an awareness model to a direct response and lead generation model. He also observed this same group is being more selective about the trade shows they attend. Many technical advertisers who might have attended 10 – 15 trade shows in the past have cut that number to three, emphasizing quality over quantity.<sup>12</sup>



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Growth rates for online marketing will outpace growth for magazine direct response and direct mail through 2005.

The case for manufacturers marketing online is a strong one, and statistics support that online marketing and advertising are here to stay. Online advertising has grown faster than any other advertising vehicle both in terms of reach and time spent viewing. Annual growth rates for online marketing spending are projected to be 11.6 percent per year between 2000-2005, significantly higher than the 6.3 percent growth rates projected for both magazine direct response and direct mail for that same period of time.<sup>13</sup>

Businesses are flocking to online marketing because the benefits are real and measurable, such as cost savings, visibility and new customer acquisition, according to the Direct Marketing Association. The existence of these benefits leads to the conclusion that the Web is clearly established as a distinct and important channel in a multi-channel marketplace.<sup>14</sup>

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Marketing campaigns are more effective when online programs get an increased share of media expenditures.

Other research indicates that entire marketing campaigns are more effective when online programs get an increased share of media expenditures. Marketers can achieve better results without necessarily increasing their overall budget; instead, they reallocate marketing dollars to the Internet.<sup>15</sup> The reallocation concept is important to every marketer because most marketing budgets are not growing, and in fact, many are shrinking. The budgeting strategy then becomes one of slicing the marketing pie differently to give bigger pieces to media that provides the biggest returns, namely the Internet.

## Online Marketing Is Measurable

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To justify online marketing expenditures to upper management, marketers must choose programs that are flexible and measurable.

Engineers and technical buyers are using the Internet to search for products. And manufacturers are reallocating their marketing mix to be on the Internet. It all makes sense. But, if you work for a manufacturer and are responsible for marketing you still must confront a number of major challenges:

- Which Internet marketing tactics will provide the greatest return on investment?
- How do you prove your case to an upper management team that will hold you accountable for results?

To meet these challenges you must be able to choose marketing programs that are flexible, measurable, and — of course — that work. Yet flexibility and measurement in marketing can be difficult. Most marketing plans are based on the previous year's results mixed with some guesswork, and most marketing plans and budgeting processes are not flexible enough to change quickly when opportunities arise or success is discovered. Measurement is another thorny issue. According to a recent Forrester survey of marketers and marketing agencies, 81 percent say it is

important to evaluate online versus traditional media at accomplishing sales, reach, or response, yet only 37 percent have cross-media metrics in place.<sup>16</sup>

Fortunately, marketing on the Internet offers instant metrics in terms of requests for information or quotes, leads, click-throughs, page views, and, finally, point-of-sale information. According to Jupiter Communications, the Internet is poised for extraordinary growth as a marketing medium because of its greater accountability and better targeting.<sup>17</sup>

However, not all Internet marketing tactics are equally effective in reaching a target audience of engineers and technical buyers and meeting their product sourcing needs.

### **Not All Online Marketing Is Equally Effective**

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Banner ads, e-mail campaigns, search engines, company Web sites, buyers' guides, online product directories. As a marketer, how do you choose? A closer look at these strategies reveals that some are better than others at reaching your target buyer and providing you with the metrics you need to measure results.

#### **The Company Web Site: Required but Not Enough**

Virtually every manufacturer has a Web site; without one, you probably would not be in business. You may have some type of product catalog posted online. And sometimes, your target customers find it. But your company's Web site may not be your best online marketing vehicle in terms of visibility and cost-effectiveness.

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Manufacturers that publish a company website and rely only on general search engines to be found may in fact not be found.

Manufacturers that publish a company Web site and rely only on general search engines to be found may in fact not be found, unless they are experts at the complex search engine game. Search engines often return hundreds or even thousands of hits. In fact a recent search on Google for *DC motor* returned almost one million results! Users typically won't click to see any result not in the top 20.

There are other shortcomings with the Web site/search engine approach. Most popular search engines are general search engines designed for consumer use. They may have unsophisticated search capabilities that lack the parameters engineers use. For instance, design information tends to be mathematically oriented and requires a search mechanism that can handle logical, arithmetical and algebraic operators.<sup>18</sup> Try putting a complex arithmetical search string into one of the major search engines and see what results you get.

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Manufacturers may try to optimize Web pages for search engines or purchase key words or paid placements. This can be effective but requires significant expertise, dedicated resources and ongoing vigilance. The rules and logic by which search engines operate are constantly changing (without you being notified), so you must continually revise your tactics. Each search engine uses different searching algorithms and the terms engineers use may vary widely. Your key word may not be the engineer's key word.

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Engineers will quickly abandon search tactics that force them to connect to irrelevant sites and sift through useless results.

The problem of not being found can have a snowball effect. Engineers will quickly abandon search tactics, such as general search engines, that force them to connect to irrelevant sites. Web rage — fruitless searching that leads to frustration — can set in after as little as 15 minutes<sup>19</sup>, which may not seem like a long time unless you've personally waded through page after page of useless search results. Engineers will turn quickly to other methods of online searching, thus creating the snowball effect: engineers couldn't find you, so they stopped searching in the usual ways, making it even more unlikely for them to find you.

Even if engineers find your online catalog, 80 percent of them will abandon your site if the search functionality is poor.<sup>20</sup> Yet building a robust search layer into your site infrastructure requires IT resources and expertise that may not be part of your core competencies.

## **Online Banners and E-mail: The Timing Isn't Perfect**

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Rarely does the engineer see an online ad or read an email at the exact moment they are searching for products.

Other forms of online marketing such as banner ads and e-mail campaigns are popular, but they lack a critical component of a strong and effective marketing program: that of "good timing." Engineers and technical buyers go online to look for products when they need something, want to find something and are ready to buy. Rarely does the engineer see an online ad or read an e-mail at the exact moment they are searching for products. Thus, tactics like banner ads and e-mail campaigns are rendered less effective because they don't reach engineers when engineers are paying the most attention.

So far it sounds as if the online marketing game is full of hurdles and if you don't do it right you'll fall flat and waste your budget. But that's true of any marketing. There is a way to be a smart online marketer and get the results you want.

## **Bringing Buyers and Sellers Together on the Internet: An Online Searching Environment for Product Sourcing**

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If a company Web site isn't enough and the search engine game is too complex and banners and email aren't quite right, then what is a marketer to do? The answer is to choose an online

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marketing strategy that meets the needs of both you and the engineer/buyer. In short, a solution that brings buyers and sellers together online.

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Engineers need an online product sourcing environment that lets them search for information using their preferred terms and get results that match their specifications.

What engineers need is an effective online product sourcing environment that takes into account their preferred ways to search for information. This environment should:

- Make it easy to find multiple suppliers and products in one place.
- Provide all necessary product searching functions in one integrated form.
- Offer the ability to drill down to research specific products based on technical specifications.
- Classify and standardize products from multiple suppliers, allowing for unbiased comparison of products.
- Return only relevant results that exactly match the detailed or complex specifications engineers are searching on.

This type of environment — made possible by the Internet — would enable engineers to complete their sourcing process without ever having to leave the online system or their desk.

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Manufacturers need an online system that showcases their products to buyers and provides metrics to measure return on investment.

From the manufacturer's point of view, such a product sourcing system should offer a way to get their products and brand in front of engineers and technical buyers at the exact time they are trying to make a buying decision. This will fulfill the "good timing" requirement that online banners and email campaigns can't. The system must be able to showcase their products 24 hours a day, 7 days a week, 365 days a year — whenever the engineer is searching. It also should be a heavily promoted and visible area that engineers can find, will return to again and again, and will refer others to. Finally, it must be an accountable system, able to track the number of qualified leads and impressions associated with a given product or manufacturer, thus providing marketers with the return on investment accountability they need to justify their investment.

*"The Internet has made component information searches much more efficient. I no longer need to wait 'weeks' for a supplier's catalogue from an information service card. I can go on-line and get information almost immediately, which has narrowed the amount of searching I need to do. I sometimes feel I'd be helpless without the Internet anymore!"*

Engineer at a Fortune Top 30 electronics firm

This type of online product sourcing system meets the needs of both manufacturers and engineers: manufacturers, because they need to get their products in front of engineers and technical buyers at the time they are looking to buy; and engineers, because they need easy-to-use, comprehensive and flexible tools for product sourcing and procurement.

### **GlobalSpec Puts You Front and Center With Your Buying Audience**

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GlobalSpec offers an innovative and proven online product sourcing system that connects buyers and sellers of technical products and components. Marketing via GlobalSpec, manufacturers can reach buyers where they are — on the Internet — at the exact moment they are ready to buy.

One significant benefit of GlobalSpec is that engineers like to use it. It is designed for the way they work and offers comprehensive, easy-to-use searching tools that produce only relevant results. Remember the earlier referenced Google search for *DC motor* that returned almost one million results? Those “searching for a needle in a haystack” situations won’t happen on GlobalSpec. Searches on GlobalSpec produce vastly fewer results, all targeted to product manufacturers. Plus, products listed in GlobalSpec’s databases are classified and standardized, enabling engineers to specify, find and drill down to research and compare specific products.

Because engineers find what they are looking for, they and their design team are motivated to return to the site on a regular basis during their product sourcing phase. And return they do. More than 300,000 engineers and technical buyers search GlobalSpec’s databases each month, with 61 percent of users reporting they use GlobalSpec at least monthly. What’s more, 93 percent of GlobalSpec’s users are involved in the purchasing process for components and services<sup>21</sup> — exactly the target audience that manufacturers are trying to reach.

Perhaps most importantly, GlobalSpec is an accountable media, providing state-of-the-art capabilities that generate, track and pass contactable leads and requests for quotes to manufacturers. This continuous stream of information enables manufacturers to calculate their return on investment in GlobalSpec.

Clearly, as manufacturers continue to reallocate their marketing dollars to take advantage of the Internet and reach their target buyers, marketing through GlobalSpec should be high on every manufacturer’s list.

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