
2006 Marketing Planning Kit

Tools to Evaluate Your Marketing Mix and Plan Effective Marketing Strategies

New tips and information on engineering and marketing trends for 2006

Over the last few years, a dramatic change in the component research and sourcing behavior of engineers has led many suppliers to take a closer look at their marketing strategies. With increasing pressure from executives to account for marketing expenditures, marketers are intent on measuring ROI of marketing programs, increasing the number of qualified leads and raising their company's visibility in the marketplace.

GlobalSpec created this Marketing Planning Kit to help you evaluate the effectiveness of your current marketing choices, calculate ROI on marketing programs, understand changes in the marketing climate and plan more effective lead generation strategies for 2006. Our intent is to help you increase quality leads and sales in your organization.

Using this information you will be able to answer tough questions every marketer faces:

- What ROI are you getting from your marketing programs?
- Do you have a balanced mix of media channels to maximize your reach and effectiveness?
- Are your marketing programs delivering highly-qualified leads?
- Are your brand and product and service lines broadly visible to an audience of engineers and technical buyers?
- Are you keeping up with the most effective strategies in marketing today?
- Can you increase your leads without increasing marketing costs?

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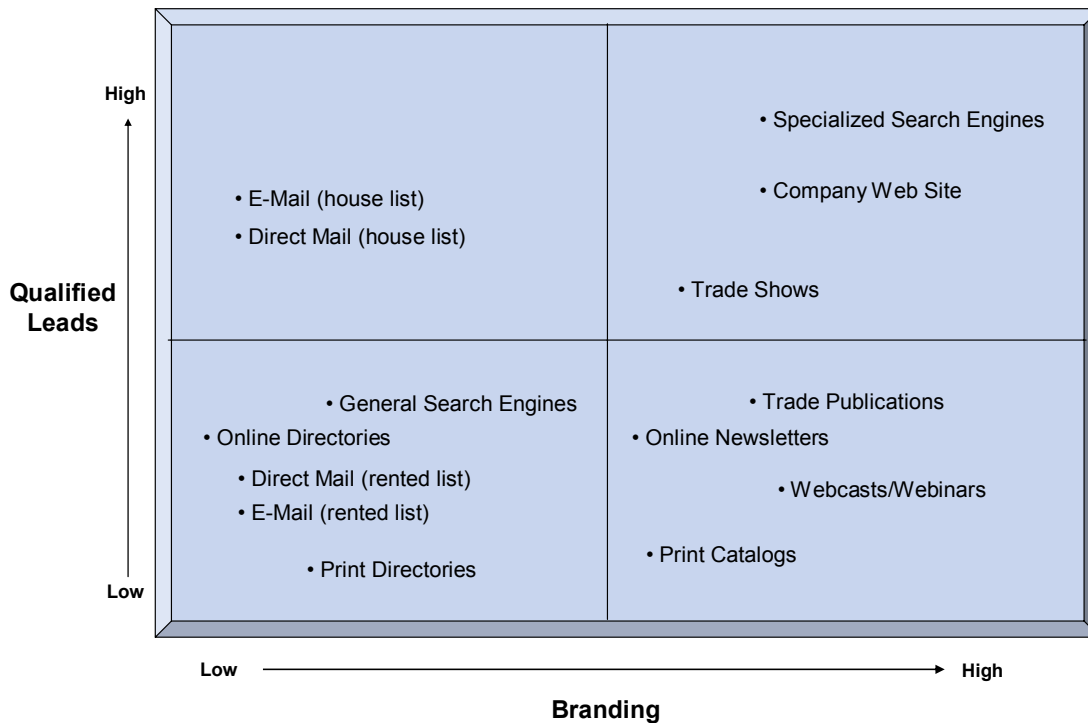
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Is Your Marketing Mix Delivering Results?

As a marketer of technical products and services, you need to choose a mix of marketing channels that produce qualified leads and increase the visibility of your brand and products. What results are your marketing channels delivering?

The matrix below charts the lead generation and branding capabilities (the ability to promote and reinforce your company's image or name) of various marketing channels. The vertical axis shows the quality of leads, from low to high. The horizontal axis shows how well each marketing channel promotes brand visibility measured in the number of engineers and technical buyers you reach.

More than 90 percent of engineers now use the Internet to search for products and services. Specialized search engines, like GlobalSpec, and your company Web site have rapidly risen to be the most significant marketing channels for delivering high branding and a high number of qualified leads.



Questions to ask yourself:

- Where do your current marketing channels fit on this matrix?
- What percent of your marketing budget goes to each channel?
- How visible are your company and products and services to an audience of engineers and technical buyers who use the Internet to search for products and services?

How Do You Measure Lead Quality?

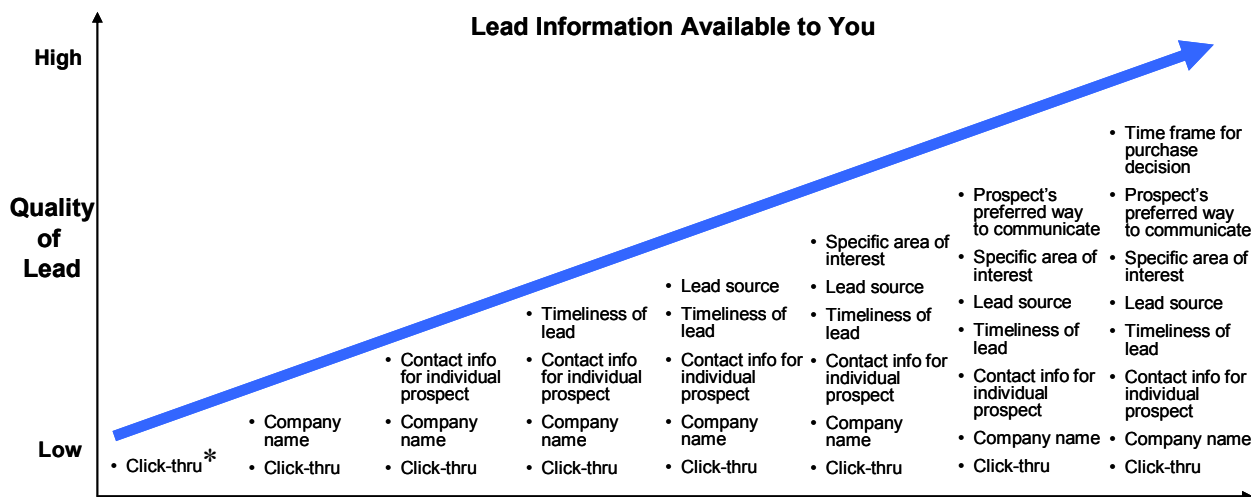
As any sales person or distributor will attest to, the *quality* of leads is a much better indicator of potential sales than the *quantity* of leads.

Marketers are responsible for delivering high-quality leads to sales. If marketers focus solely on the quantity of leads, rather than quality, fewer leads will convert, sales people will distrust leads from marketing and the marketing function may lose credibility within your organization.

Another important variable in measuring the worth of a lead is its timeliness. Leads coming to you in real-time, as they are generated, are more likely to convert to a sale than a lead weeks or even just days old. Potential buyers move quickly to find other vendors who are responsive to their needs.

The chart below will help you measure the quality of leads you generate for your sales force.

- How much of the following information do you capture on new leads generated?
- Do you capture contact information on individuals or only company names and addresses?
- Do your leads come to you in real time or are they days or weeks old by the time you get them?



* Note: Click-thru information such as an IP address (of where a visitor came from) is typically the only type of information provided by a general search engine.

Marketing Tip

You can accelerate the sales cycle and increase the likelihood of sales when you generate high-quality leads providing comprehensive, specific and timely information on individuals interested in your products or services.

How Do Your Media Choices Compare?

You have many choices about where to spend your marketing dollars. The Media Matrix on page 5 can help you analyze the effectiveness of your expenditures across various media channels.

Questions to ask yourself:

- Media Channel** — Are you using the same media channels as two or three years ago or are you allocating more of your budget online where prospects are now looking for you - online? In a recent GlobalSpec survey, 74% of engineers reported spending 3 hours a week or more on the Internet for work-related purposes.
- Reach** — More than 90 percent of engineers use the Internet to research technical products and services. How many people are you reaching? Are they the right kind of people (i.e., engineers and technical buyers)? Are you reaching them at the right time, when they are actively looking for products and services?
- Frequency** — How often do you reach engineers and technical buyers? A few times a year or 24/7? Can your audience find you whenever they are interested in your products and services?
- Timing** — Is your message reaching prospects who are proactively seeking products and services or individuals who are just browsing? In other words: "Do you hook them when they're hungry?"
- ROI Metrics** — What kind of return, in terms of highly-qualified leads, do you get for the marketing dollars you spend?
- Leads** — Do you get highly-qualified leads in real time with contact information for individuals? Do you know their specific areas of interest? Or are the leads you get unqualified and stale?
- Branding** — How visible are your company and products and services to the engineers and technical buyers who are looking for them? Very noticeable or lost in the shuffle?

Questions to ask your media partners:

- Accountability** — Can your media partner tell you exactly how many qualified leads they generate for you and the cost per lead?
- Reporting** — Does your media partner offer comprehensive reporting showing key lead information including how the lead was acquired, lead contact information, date acquired and area of interest?
- Timeliness** — Are the leads you receive fresh, qualified, active — and delivered in real-time? Print media is notorious for being slow to deliver leads to you, causing many leads to become stale before even reaching you.
- Reach and Frequency** — Does your media partner keep you continuously exposed to a growing target audience for your products and services? Or is their circulation and audience shrinking? Print readership and trade show attendance are declining. A recent GlobalSpec industrial survey revealed that 21% of engineers reduced their use of printed trade magazines in 2004, 24% attended fewer trade shows, and 54% attended no trade shows from August 2003 - August 2004.

Media Matrix

MEDIA CHANNEL	Reach/Frequency	Timing	Advantages	Disadvantages	ROI Metrics	Leads			Brand Exposure
						Quality	Volume	Timing	
Company Web Sites	Low/Continuous	Active searchers	Exposure Branding Good for existing customers	Requires external marketing to drive traffic and find new customers High cost/resource commitment	Low for new customers High for existing customers	Med	Low-Med	High	High
Direct Mail (house & rented lists)	Low/Varies	Passive browsers	Personalized messaging	High cost No broad coverage Low response rates Low quality of rented lists	Low for rented list Med for house list	Low-Med	Low-Med	Low	Low-Med
E-mail (house & rented lists)	Med/Varies	Passive browsers	Immediacy Personalized messaging	Risk to reputation if considered spam Lack of domain expertise Low quality of rented lists	Low for rented list Med for house list	Low-Med	Low-Med	Med	Low
GlobalSpec/ Specialized Search Engines	High/Continuous	Active searchers	Exposure Branding Lead generation & lead management/reporting ROI Buyer timeliness	Online only	High	High	Med-High	High	High at company AND product level
Online Directories	Low-Med/Continuous	Active searchers	Drives traffic	Limited audience Variable lead quality	Low	Low	Med	Med	Low
General Search Engines	High/Continuous	Active searchers	Drives traffic	Poor lead quality Escalating costs Keyword expertise required May not deliver relevant traffic	Low-Med	Low	Varies	Med	Low
Print Catalogs	Med/Varies	Active searchers	Branding Leads	Measurability Quickly outdated High production & mail costs Steadily declining usage	Low	Low	Low	Low	High
Print Directories	Low/Yearly	Active searchers	Some branding	Quickly outdated Measurability Content organization not user friendly Steadily declining usage	Low	Low	Low	Low	Med
Trade Publication	Low/Monthly	Passive browsers	Exposure Branding	Measurability Low lead generation Limited period of exposure Declining readership	Low	Low	Low	Low	High
Trade Shows	Low/Yearly	Passive browsers	Face to face communication Branding Lead quality	High cost Low Frequency Declining attendance Low new market reach	Low	Med	Low	Low	High
Webcasts/ Webinars	Low/Varies	Active searchers	Branding	Variable lead quality Limited audience Must use other marketing to promote	Low	Low-Med	Low	Med	High
Online Newsletters	Med/Varies	Passive browsers	Branding Personalized messaging	Reaches only part of the market Lack of domain expertise	Low	Med	Low	Med	Med

Where Do You Allocate Marketing Dollars?

In the industrial sector, the percentage of marketing dollars invested in the various media channels has been shifting significantly over the past few years. As engineers and technical buyers turn to the Internet first to find product and service information, its no surprise that a greater percentage of marketing program dollars are being shifted to Internet marketing.

A recent GlobalSpec survey of suppliers found online marketing programs took four of the top five spots for increased marketing expenditures in 2004:

- E-mail Marketing
- Search Engine Optimization
- Search Engines (paid traffic)
- Online Directories/Web Sites
- Trade Magazine Advertising (Although suppliers increased marketing expenditures here, a recent survey revealed that 21% of engineers have reduced their use of printed trade magazines. This implies the ROI from this marketing channel is declining.)

Exercise

Use the worksheet below to input the dollar amount and percentage of your marketing budget you spend on each media channel. Compare 2005 expenditures to planned 2006 expenditures.

- Are you re-allocating dollars to more effectively reach your target audience of engineers and technical buyers?

MEDIA CHANNEL	2005 Actual		2006 Planned	
Company Web Sites	\$	%	\$	%
Direct Mail	\$	%	\$	%
E-mail	\$	%	\$	%
General Paid Search Engines	\$	%	\$	%
Hidden costs of general paid search engines, such as dedicated personnel or agencies to pay and manage	\$	%	\$	%
Specialized Search Engines	\$	%	\$	%
Online Banner Ads	\$	%	\$	%
Online Directories	\$	%	\$	%
Online Newsletter Sponsorships	\$	%	\$	%
Print Catalogs	\$	%	\$	%
Print Directories	\$	%	\$	%
Search Engine Optimization	\$	%	\$	%
Trade Publication Advertising	\$	%	\$	%
Trade Shows	\$	%	\$	%
Webcasts/Webinars	\$	%	\$	%
Company Online Newsletters	\$	%	\$	%
Total	\$	100%	\$	100%

How Do You Calculate ROI On Your Marketing Programs?

The pressure to deliver ROI on marketing dollars has never been greater — especially with financially-driven executives demanding greater accountability from Marketing given tighter budgets and a slower economy over the past several years.

Here is a method to estimate ROI on your marketing programs across any channel. Use it as a guideline to evaluate investments in various marketing channels. This is an example of both cost per lead and ROI calculation. The next page includes a blank calculator you can print out and use to measure the ROI on your marketing programs.

Example: Cost Per Lead Calculation

Variable	Input	Notes	
A	How many prospects will you reach?	20,000	Saturation level measured by number of: online registered users, direct mail pieces, trade show attendees, magazine circulation, search engine click throughs, etc.
B	Total program costs	\$12,000	Include creative and production for direct mail and advertising; T&E for trade show staff; keyword expenditures for search engines, etc.
C	Expected rate of response	2%	What percent of prospects do you expect will respond with full contact info and become leads?
D	Total number of leads	400	(A*C) Remember that the number of leads alone does not tell the whole story. You must consider if leads are highly-qualified, motivated buyers versus, for instance, a curious click-thru from a general search engine.
E	Cost per lead	\$30	(B/D)

Marketing Tip

Achieving the lowest cost per lead is not always your goal. A very low cost per lead is not helpful if those leads are not highly-qualified and few convert to sales (for instance, an anonymous click-thru). Rather, optimizing the 'cost per lead that becomes a sale,' although always a higher number than 'cost per lead,' is a more precise ROI measurement. In the example above, this would be calculated by dividing 'Total Revenue from Program' by 'Number of Buyers.' This calculation requires the ability to tie a sale to a specific lead generation program — often a challenging task.

Example: ROI Calculation

Variable	Input	Notes	
F	Expected conversion rate	7%	What percent of leads will buy from you? This number might be based on your company's history. For many companies, between 5-10% of qualified leads eventually make a purchase.
G	Number of buyers	28	(D*F) [From Row D above]
H	How much will each buyer spend?	\$2,800	This could be your company's average deal size.
I	Total revenue from program	\$78,400	(G*H)
J	ROI	553%	(I-B)/B*100 [From Row B above]

Marketing Program ROI Calculator Worksheet

How to Use This Worksheet: Make copies of this worksheet and apply the calculator to your marketing programs to compute ROI. Refer to the Media Channel Matrix on page 5 and the Example ROI Calculation on page 7 for guidance.

Name of Program _____

Cost Per Lead Calculation

	Variable	Input	Notes
A	How many prospects will you reach?		Saturation level measured by number of: online registered users, direct mail pieces, trade show attendees, magazine circulation, search engine clicks throughs ,etc.
B	Total program costs	\$	Include creative and production for direct mail and advertising; T&E for trade show staff; keyword expenditures for search engines, etc.
C	Expected rate of response	%	What percent of prospects do you expect will respond with full contact info and become leads?
D	Total number of leads		(A*C) Remember that the number of leads alone does not tell the whole story. You must consider if leads are highly-qualified, motivated buyers versus, for instance, a curious click-thru from a general search engine.
E	Cost per lead	\$	(B/D)

ROI Calculation

	Variable	Input	Notes
F	Expected conversion rate	%	What percent of leads will buy from you? This number might be based on your company's history. For many companies, between 5-10% of qualified leads eventually make a purchase.
G	Number of buyers		(D*F) [From Row D above]
H	How much will each buyer spend?	\$	This could be your company's average deal size.
I	Total revenue from program	\$	(G*H)
J	ROI	%	(I-B)/B*100 [From Row B above]