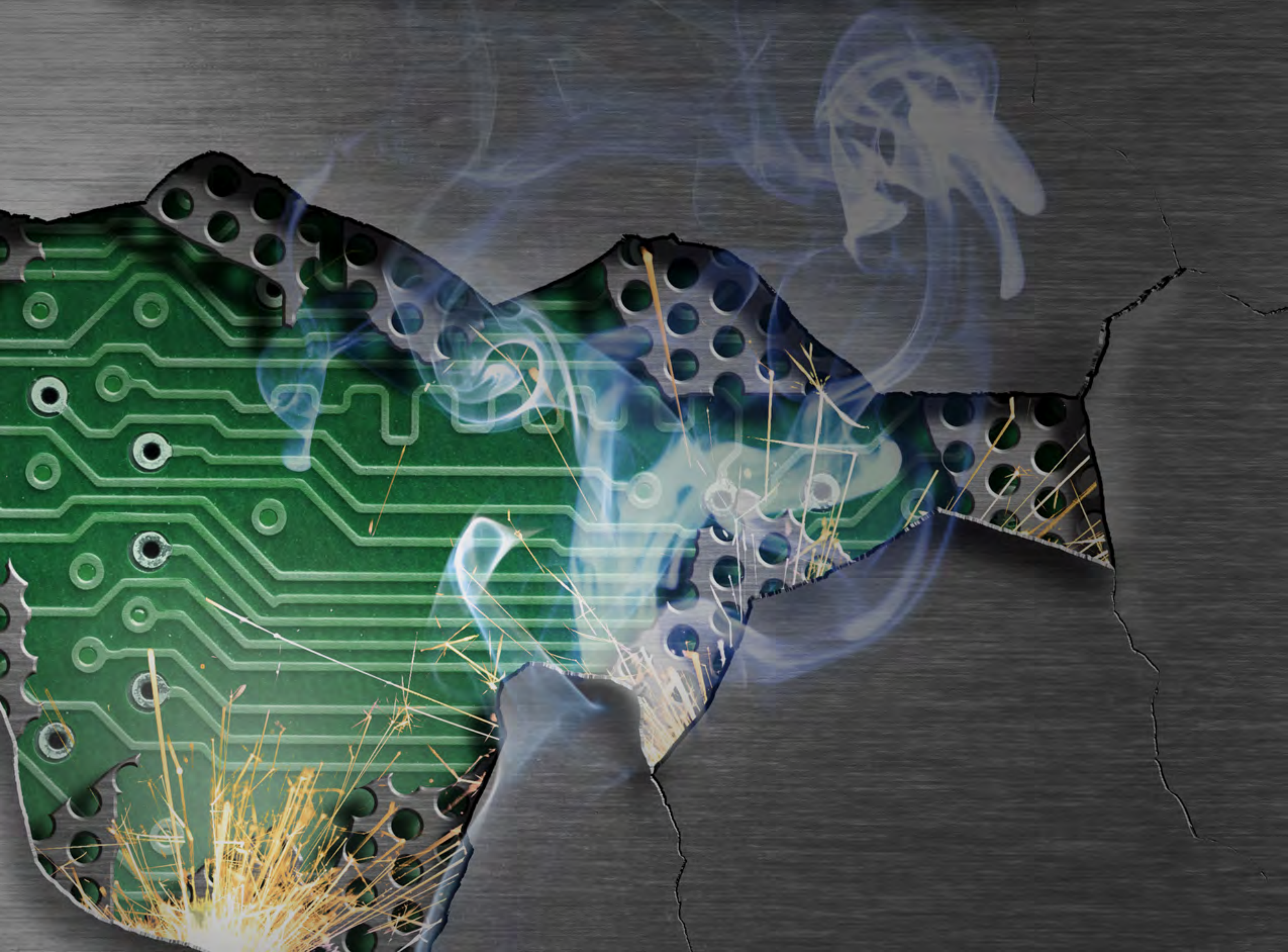
THOMASNET.com®

4 Ways

Industrial Marketers Short Circuit Their ROI



Built upon the 100 years strong industrial marketing legacy of the Thomas Register (the “big green books,”) THOMASNET.com has helped OEMs, custom manufacturers and distributors get found by buyers online since 1996.

THOMASNET.com®

Today’s Thomas Register®

Why do some industrial suppliers swear by online marketing, while others swear at it?

In many cases, industrial/B2B marketers that see a strong ROI (return on investment) from their online efforts simply have a clearer understanding of what it looks like, and a better idea of how, when, and where to look for it.

In our 20+ years of helping suppliers use the internet to meet their business goals, we've seen 4 specific ways that many businesses short circuit their own ability to achieve and measure online success.

Read on, and see if you're making any of the 4 common missteps we outline on the following pages.

Short circuit #1: Not tracking phone calls.

Okay, you may be thinking *"wait, we're talking about online marketing.... what's this about phone calls? Aren't 'clicks' and 'conversions' what matter?"* Well, there are a few reasons why tracking your phone calls is a key measure of your online marketing ROI. Before we get to those reasons, just consider this mind-blowing statistic:

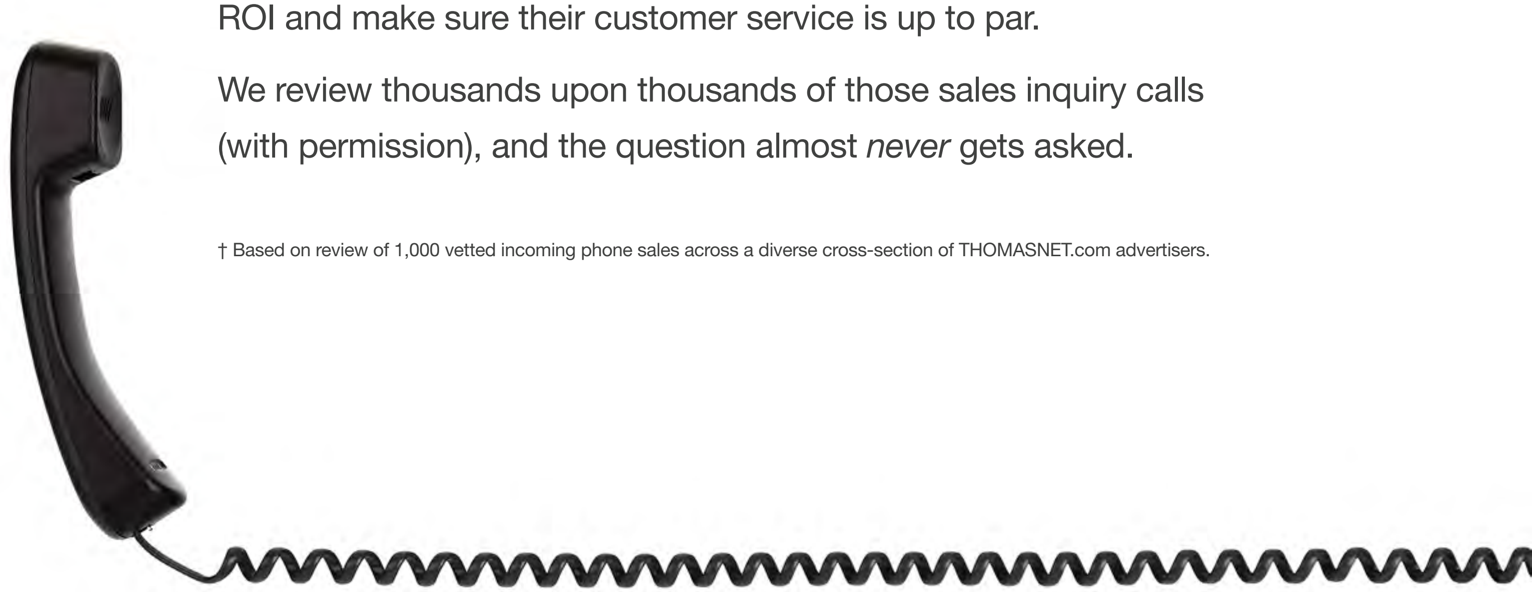
Industrial suppliers on average track less than 3 percent of their phone sales inquiries.†

In other words, when receiving a sales inquiry by phone, industrial suppliers ask the caller *"where did you hear about us"* fewer than 3 times per every 100 calls. This is true even though virtually every supplier we talk to claims the person answering their phone *"always asks."*

How do we know? Our optional Call Tracking service records all incoming calls for THOMASNET.com advertisers, to help them measure ROI and make sure their customer service is up to par.

We review thousands upon thousands of those sales inquiry calls (with permission), and the question almost *never* gets asked.

† Based on review of 1,000 vetted incoming phone sales across a diverse cross-section of THOMASNET.com advertisers.



So why is phone tracking so important?

Unless you know where that customer on the phone first found you, there is no way to fully measure the ROI of *any* of your marketing efforts. Unfortunately, industrial marketers fall into the trap of believing that every measure of their online marketing success shows up in their website analytics, with the ultimate "results" being emails and submitted RFIs/RFQs.

However, that mindset overlooks actual buyer behavior within the industrial buying process...

While today's buyers prefer to evaluate suppliers anonymously online, when they're ready to connect with the supplier, a large percentage of them pick up the phone rather than send an email or submit an RFI/RFQ online.

In fact, on THOMASNET.com,

3 out of every 5 sales inquiries made to advertisers on our platform are made via phone.‡

This happens even though email and RFI/RFQ buttons are featured prominently on the supplier's THOMASNET.com company profile – just as they probably are on your website.

Think about that for a moment...

If buyer behavior on your website is anything at all like it is on our platform – and there's no good reason to assume it's not – **you could be overlooking over 50 percent of the ROI of your online marketing efforts simply by neglecting to ask phone callers where they found you.**

‡ Data based on a representative cross section of 300 THOMASNET.com client accounts, using the 2,300 vetted legitimate sales inquiries they received in October 2015 — an average of 7.7 serious inquiries per month per advertiser.


Short circuit #2:
Measuring the wrong things.

Clicks don't help you reach your business goals, new customers do. So the true measure of ROI for any online marketing program should be one thing and one thing only: **real new business opportunities.**

Yet too many industrial marketers get wrapped around the axle measuring clicks, pageviews, traffic, conversions and other 'visitor' metrics that quite frankly might be great for the B2C world, but are often fool's gold for B2B suppliers.

In the search engine/SEO world, measured visitors to your website are too often doing things other than supplier discovery and evaluation. In other words, **they don't always represent real new business opportunities.** There are many reasons for this:

- The reality is that most B2B buying happens with buyers' existing suppliers. As a result, a healthy percentage of your search engine traffic typically comes from people who already know you. They're often just looking up your phone number, email address, product info – whatever they're looking for, they're **not a real new business opportunity.**

- Related keyword searches can bring non-valuable traffic to your site. For a simplified example, let's say you're a die caster. Someone searching "die casting" may just be researching die casting processes. Or interested in purchasing die casting equipment or materials. Or perhaps even looking for die cast toys. **None of them represent a real new business opportunity.**

- Unfortunately, there's fraud. According to a recent study by Kalkis Research titled Google: End of the Online Advertising Bubble, *"Independent studies have revealed that ad campaigns are polluted by **fake clicks** and bots. An experiment by the traffic quality verification startup Oxford BioChronometrics has shown that under certain circumstances, bot traffic generated by ads on Google...may be **as high as 90 percent.**"* In other words, you could be paying for garbage that **doesn't represent any real new business opportunities.**

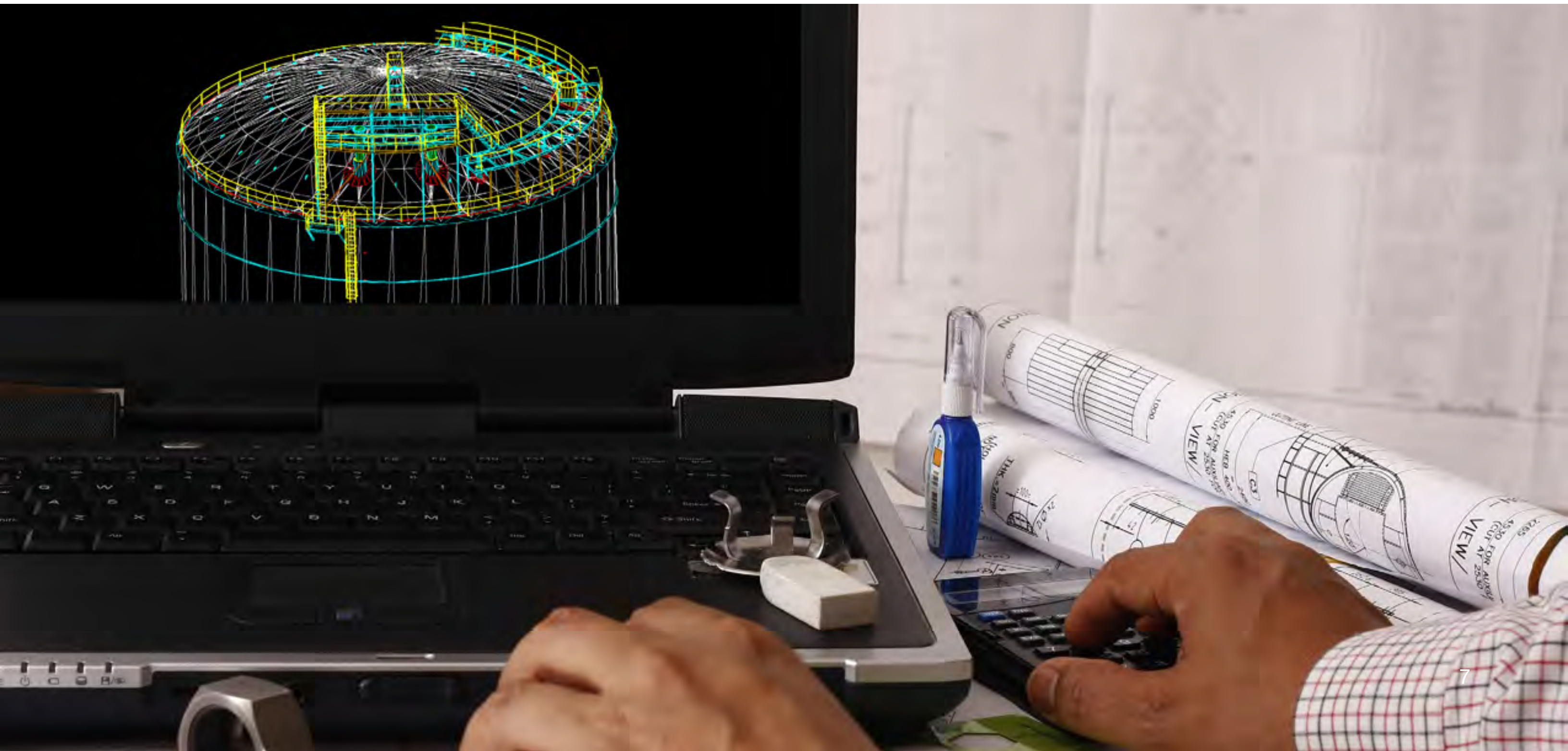
Measuring the “right thing” comes down to user intent.

The previous page explained why so much of what’s blindly valued as “ROI” in the search engine/SEO world is actually a black hole for your marketing dollars.

Industrial marketers that are ahead of the curve understand that today, the “who” and the “why” are far more important than the “how many” when it comes to measuring the ROI of your online efforts.

With THOMASNET.com, we’ll give you a preview of the “who” by providing you with a free custom report listing companies that recently used our platform to find suppliers that do exactly what you do. Once you’re an advertiser on THOMASNET.com, you’ll have full access to powerful analytics tools and reports showing you exactly who’s found, evaluated and contacted you via our platform.

As for the “why,” visitors to the THOMASNET.com platform overwhelmingly have one intent: to find and evaluate suppliers to meet a specific buying need – it’s the sole reason the platform exists. In other words, **visitors that show up on your ROI report from us have qualified themselves as serious buyers by their actions on our platform.**



Short circuit #3:

Overestimating the opportunity.

We've covered how real new business opportunities are the true measure of online marketing ROI. But when setting your expectations for ROI, it's important to have a realistic understanding of just how abundant — or relatively scarce — those opportunities actually are.

If you're like most suppliers, your customer base is limited by many factors: the industries and geographies you serve, the company types and sizes you can work with, your capabilities and capacity, and more. We have thousands of conversations with suppliers each year, and when we ask them to really analyze the true size of their potential customer base, it's often a reality check.

Here's an exercise we use with suppliers to help them estimate how many new business opportunities actually exist in their market in any given year. Try it for yourself...

What type of businesses do you serve?

Example: "I serve manufacturers."

How many of those businesses exist in the area you serve?

Example: "I serve the Texas area. US census data says there are 17,500 manufacturing companies in Texas."

[ ] *17,500*

Of those, what percentage needs the type of services you provide?

"I'm a metal stamper, I'd say maybe 1 in 4 (25%) of those companies need metal stamping services."

X [ ] = [ ]
17,500 x 25% = 4,375

Of those, what percentage aligns with your capabilities, capacity, etc.?

"I'm a small business, I'd say I could typically work with 4 out of 5 companies (80%) – the rest are too large."

X [ ] = [ ]
4,375 x 80% = 3,500

Of those, what percentage don't already have a supplier that does what you do?

"9 out of 10 of them probably already have a metal stamper, so I'd say 10%."

X [ ] = [ ]
3,500 x 10% = 350

So what's the estimated total number of opportunities for new business in any given year?

[Total Opportunities] *350*

Now, what if you were to divide that number by your number of competitors?

[???]

THOMASNET.com®
Today's Thomas Register®

Think about why you got your last opportunity.

There are relatively few reasons a company will bring on a new supplier, simply because it's often a risky, time-consuming process. They'll typically only do so when they:

- Have quality, reliability or pricing issues with a supplier
- Are introducing a new product line or service
- Have a supplier that goes out of business
- Need new or replacement capital equipment
- Are reshoring operations back to North America

In fact, we recently surveyed over 450 North American procurement professionals about onboarding new suppliers, and found the following:

74% *bring on 5 or fewer new Product & Component Manufacturers per year*

80% *bring on 5 or fewer new Custom Manufacturers per year*

86% *bring on 5 or fewer new Capital Equipment Manufacturers per year*

78% *bring on 5 or fewer new Industrial Distributors per year*

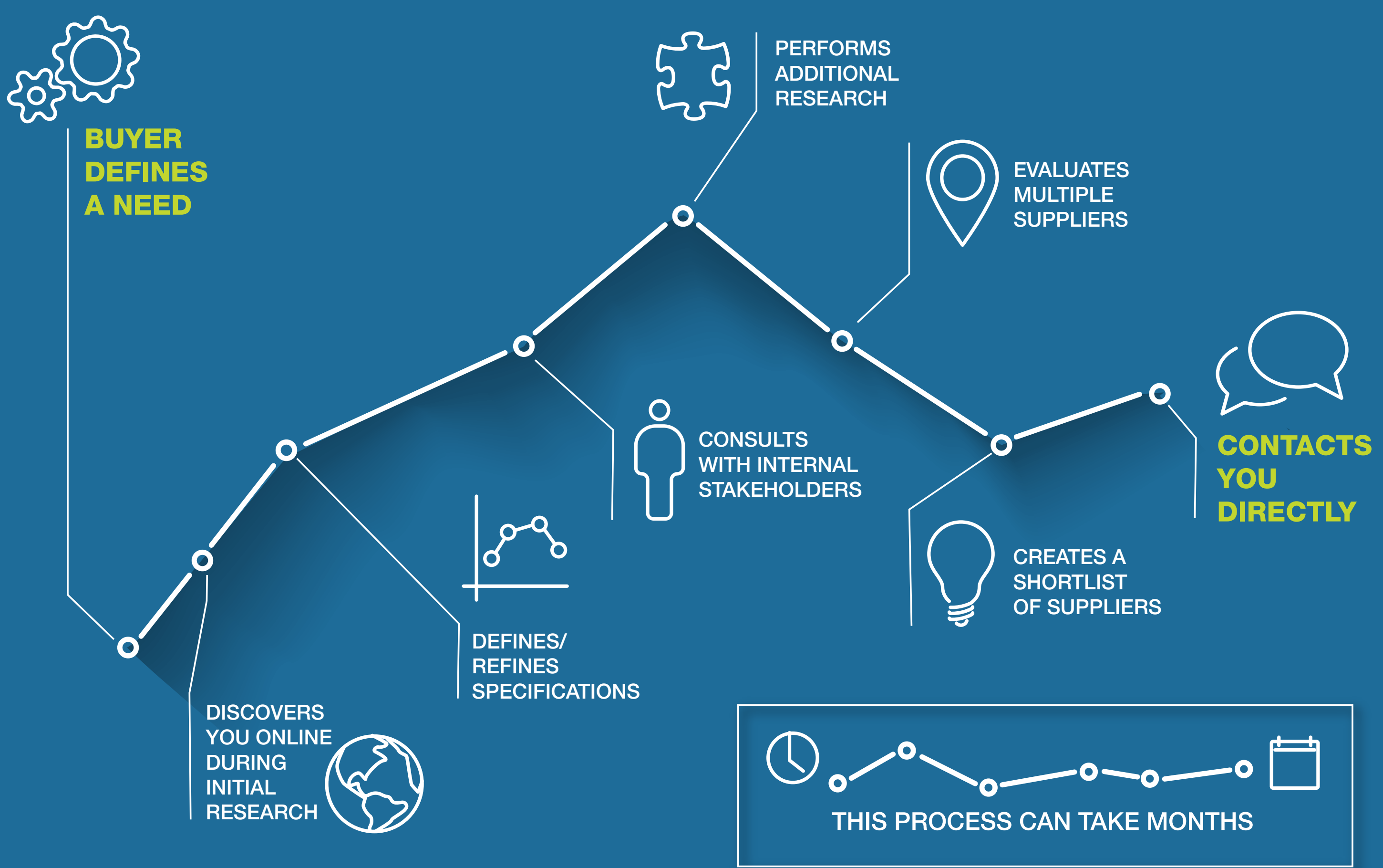
To put these numbers into perspective, ask yourself how many – or how few – of those new opportunities align with exactly what you offer, in the area you serve? And again, what happens when you divide those actual opportunities by the number of suppliers that also offer what you do?

A frank assessment of how many new business opportunities are actually out there might inspire you to reconsider where you're spending your marketing dollars online: will you pay for big yet meaningless volumes of ambiguous clicks, or will you invest in promoting your business where identifiable buyers go when they're serious about finding and evaluating new suppliers?

Short circuit #4:
Giving up too soon.

It's absolutely critical that you don't allow the length of the industrial buying cycle to blur – or completely obfuscate – the ROI of your online marketing efforts. Yet we see it happen all the time.

Unless your products are commodities, or your typical customer relationship is highly transactional, the time that passes between a potential customer discovering you online and contacting you directly can be *many months.* Once they do contact you, that's just the beginning of *your* sales process, which could take *months to a year or longer.*



Long gone are the days when a buyer would reach out to potential suppliers immediately upon determining a need, to have salespeople go over the ins and outs of their solutions. The internet puts all that info at the fingertips of buyers, giving them the option to research solutions and thoroughly evaluate suppliers anonymously, online.

While this easy access to information sounds like it might make the purchase-decision process more efficient, recent studies show that the timespan of the typical industrial buying cycle is actually *increasing.* Consider these statistics:

- According to *Demand Gen Report's 2014 B2B Buyer Behavior Survey,* over 40 percent of respondents said they waited longer to initiate contact with B2B vendors over the previous year
- *Demand Gen's 2015 B2B Buyer's Survey Report* showed that 53 percent said the length of their purchase cycle had increased over the past year
- The same 2015 report showed that 43 percent of the respondents said the number of team members involved in their B2B purchase process had increased within the last year. (Ask yourself: when has adding more decision-makers to a team made anything more efficient?)
- According to the *CEB Marketing Leadership Council*, typically 57 percent of the purchase decision process is complete before a B2B buyer initiates contact with a supplier

In an industry where the buying cycle is becoming longer and more complex — and when buyers are waiting until later in that cycle to contact you directly — you simply cannot accurately measure the true ROI of your online marketing for any given month, or even few months, by looking at that particular month's or few month's web analytics.

Your "4 ways" summary

01 Track your incoming sales calls.

02 Measure ROI in real new business opportunities.

03 Make sure you can be found where buyers go when they DO go looking.

04 Align your ROI expectations with the reality of today's industrial buying cycle.

1. Over 50 percent of your online marketing ROI may not be identifiable in your web analytics – it's coming in via phone. **Track your incoming sales calls.**

2. Clicks, visits, traffic, pageviews – so much of it all could be irrelevant to your specific business goals. **Measure ROI in real new business opportunities.**

3. The instances when buyers go looking for new suppliers can be relatively few and far between. **Make sure you can be found where they go when they DO go looking.**

4. The time between a buyer finding you online, and contacting you directly, can be many many *months.* **Align your ROI expectations with the reality of today's industrial buying cycle.**

THOMASNET.com provides advertisers with powerful tools and detailed ROI reports showing WHO found and evaluated you on our platform. You'll also see HOW and WHEN they contacted you, whether they did so via:

- Email or RFI/RFQ directly from our platform
- Email or RFI/RFQ from your website, attributed to finding you first on our platform
- A phone call to you via a unique number on our platform
- A phone call to you from your website, attributed to finding you first on our platform

We also provide a unique Lead Origin Report that shows you how a buyer that first discovers you on our platform may not actively engage with you for many months – sometimes as many as 12 months or more. We're able to track – and show you – their relevant online behaviors during that time period, and how those behaviors ultimately culminate in a **real new business opportunity** for you.