The Need to Advertise

For many industrial companies during the ‘60s, 70’s and 80’s, advertising was a “luxury,” something companies did when the bank was fat. ABC Company advertised when the President saw a competitive ad. Upper management hated advertising because it “wasted” money that could go right to the bottom line.

Year 2000 and beyond will be a real “eye-opener” to those who believe advertising is an expense rather than an investment in market share. Here are some recent statistics I hope you will find enlightening:

- A typical industrial buying decision involves a committee of 4 to 12 people. These people are rarely in the same discipline. They may not be at the same location. They may not even be in the same country.
- Still think it’s cheaper to add sales people? The average sales call in 1995 cost $350. In 1999, it’s $460. The average sales call involves 1 to 3 people. The average number of calls to close a sale is 2.6 to 3.8 calls, depending on your industry. Therefore, closing a sale to this committee could cost you almost $20,000. The number of sales calls necessary to close a sale goes down dramatically when prospects are predisposed to your company and its products.
- 46% of the current MBA student population could not identify the companies on a random listing of the Fortune 500 companies. Most were incorrectly identified or completely unknown to these people. These MBA students will be the next group of corporate buyers.
- These MBA students alluded to above are professionals currently in the workforce who chose to go back to school. Younger, less educated buyers are even less likely to have a familiarity with your company. Think everyone knows who you are and what you sell? Guess again.
- The average buying influence changes positions every 2 years. In 1995, they changed every 4 years. In 1990, they changed every 8.5 years. Your client, “Joe Buyer,” probably will not be a purchaser of your products in his next job. Someone who most likely is not familiar with your company and its products will be.
- Brand use is driven by ad exposure. A dozen studies substantiate this fact.
- Think your website is doing it all fine? Have you received over 100,000 hits looking for something on the Internet? You are not alone. Your company was probably 96,232 on the list. High rankings in search engines are not free, and there are many companies willing to pay. Customers will go to your website only if they know who you are and what you are offering them. Driving customers to your website through traditional advertising is the most efficient way to increase qualified website traffic.
- Trade publications are the “least annoying” and most informative sources of information. For those considering direct mail as your primary advertising, think again. Direct mail and outdoor was cited as the most annoying and least informative source. Are you paying good money to annoy your prospects?
- Business and government purchase are expected to double by 2005 to $15.8 trillion. How big a slice of this pie will you get?
- The typical product development cycle has decreased from an average of 3 years to 1 year. Design engineers no longer can wait for spec sheets and “shop around.” Do you have more to do than you did 5 years ago? So do your prospects. Make it easy for them to buy from you.

<u>Conclusions</u>

Your buyer is probably a committee of hard to reach professionals who now manage an average of 3 times the number of projects they did a decade ago. Your prospects most likely do not know your company and the products you make, much less have a preference for your brand over your competition’s. Business will be given to those companies with the highest share of mind.

Consistent, long term advertising is the best way to lower overall selling costs and increase top of mind selling that leads to maximum profits. Call for a demonstration!!