

RESEARCH REPORT

2018 Budget Trends in Industrial & Technology Marketing:

How Marketers Target
Technical Prospects in
Manufacturing, Software,
and Engineering

EXECUTIVE SUMMARY

This is the fifth year of the Industrial and Technology Marketers' Budget Survey, which gives marketers who target manufacturing, software, and engineering industries the opportunity to share their knowledge and learn from their peers.

The most exciting finding from the study was that 2018 is shaping up to be a spectacular year for engineering marketers, with 45% of marketers reporting larger budgets than in 2017 and over 50% of those reporting budget growth north of 10%. Other major findings included:

- 🌐 For the first time ever, content creation stands alone atop the list of challenges facing marketers
- 🌐 Marketers are being evaluated on more metrics than in any previous year, but sales leads remain the most popular measure
- 🌐 Video has arrived in the technology marketing world – it is consuming the most budget and saw the highest net growth in investment amongst marketing tactics
- 🌐 Marketers have clued in to the fact that content distribution is equally as important as content creation, investing close to 1:1 on these activities.

To give greater context to the results of the research, we've invited two leaders in the technology and industrial marketing space – Shawn Fitzgerald of Thomas Marketing Services and Achinta Mitra of Tiecas Inc. to provide their interpretation of the results. You can find their comments at the bottom of each page, along with those of engineering.com's own John Hayes.

We'd like to thank the diverse group of marketers who decided to participate this year. In total, 102 of them from around the globe took the survey, mostly coming from the United States (65%) and Europe (19%). They managed over forty-one million dollars in total marketing budget and represented diverse companies ranging from the top of the Fortune 500 through to boutique industrial marketing consultancies. We'd also like to thank Shawn and Achinta for their contributions.

We hope you find the findings of this report interesting. If you have any questions, please feel free to reach out via email or through social media. And of course, if you enjoyed the report please share it with your colleagues.

Sincerely,

the engineering.com Marketing Team

ABOUT OUR EXPERT COMMENTATORS



John Hayes, President engineering.com

John is President of engineering.com, a leading digital destination for engineers and technicians that reaches more than 2.5M visitors per month.

He works closely with technical marketers from multiple industries, such as software, manufacturing and education to run countless marketing campaigns that reach an engineering audience.

As a marketer and thought leader, John authors the Digital Marketing for Engineers eBook, blog and hosts the LinkedIn group of the same name. He also regularly speaks on this topic.

John has an MBA with a focus in marketing from Carnegie Mellon's Tepper School of Business.



Shawn Fitzgerald, VP Marketing

Shawn Fitzgerald is the Vice President of Marketing for Thomas and is responsible for leading all marketing efforts.

In 2014, he founded Thomas Results Powered Marketing, known today as Thomas Marketing Services or TMS. Offering full-service inbound digital marketing services, the TMS solution is engineered to work with a Thomas Network Program as an accelerator to expand market reach and increase potential new business connections. Under his leadership, the TMS team was recognized as HubSpot's 2014 Agency of the Year, a HubSpot Diamond Partner, and a Google Partner.

He was previously a Codes and Standards Engineer with the American Society of Mechanical Engineers (ASME) and holds a bachelor's degree in mechanical engineering from Lehigh University.



Achinta Mitra, Founder & President of Tiecas, Inc.

Achinta is the founder and President of Tiecas, Inc., a Houston-based industrial marketing and consulting company that has been in business since 1987.

He is a Mechanical Engineer with an MBA in Marketing. Achinta combines his education with 30+ years of hands-on experience to effectively communicate with engineers and industrial buyers. That's why he calls himself a marketing engineer.

Achinta provides practical insights and actionable marketing advice for manufacturers, distributors and engineering companies in his blog Industrial Marketing Today.

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THE BUDGET GROWTH STORY

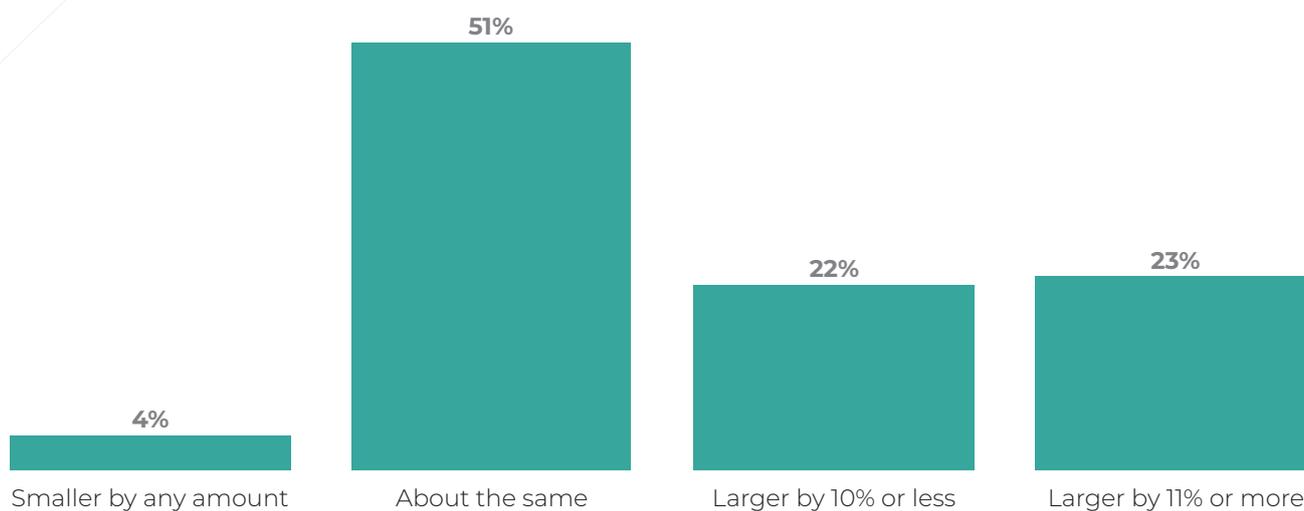
2018 IS A BREAKTHROUGH YEAR FOR MARKETING BUDGETS

2018 has the highest levels of growth (45%) and the lowest reported levels of shrinking budgets (4%), of any of the last five years.

Why is this happening? One reason is that over the past many years marketing has been displacing sales as a way to win new customers. And when businesses need to win more revenue, they double down on what's working. Digital marketing has been a proven winner.

Another reason is that businesses have to spend more on marketing just to stay still. If any of you were around when AdWords were cheap, for example, or when Facebook didn't charge a fee to deliver your messages to your fans, you know what we mean.

BUDGET GROWTH 2018



John: As a reformed CFO, I can attest to how when management sees something work we double down our investment towards it. Marketing, once a black box, is much more capable of demonstrating its ability to drive revenue. As such, we're likely to see marketing investment continue to grow over the next several years until such time that the ROI plateaus.

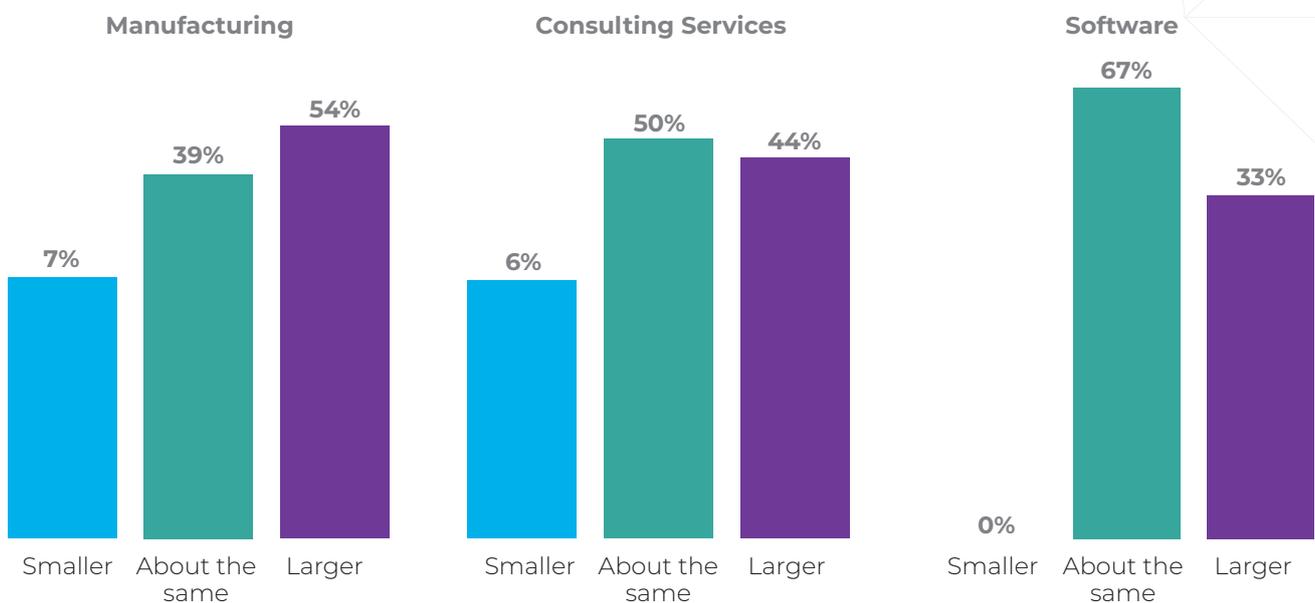
"Q: "Compared to 2017, will your 2018 engineering market budget be..."

2018 BUDGET TRENDS BY INDUSTRY

Marketers in manufacturing reported the highest levels of growth, with 55% saying that they would have more budget. Just a few years ago many manufacturers had web sites that were out of date, that didn't offer a clear way to engage visitors nor nurture them, and they lagged in content marketing. Now in 2018, manufacturing marketers are rapidly catching up.

Software marketing budgets are growing more slowly with 33% of companies reporting rising budgets. Software companies were among the first to invest more in digital marketing. These more mature organizations are reporting slower growth compared to organizations just now embracing newer marketing tactics in part because they already have very large and sophisticated marketing organizations.

BUDGET GROWTH IN 2018 BY INDUSTRY



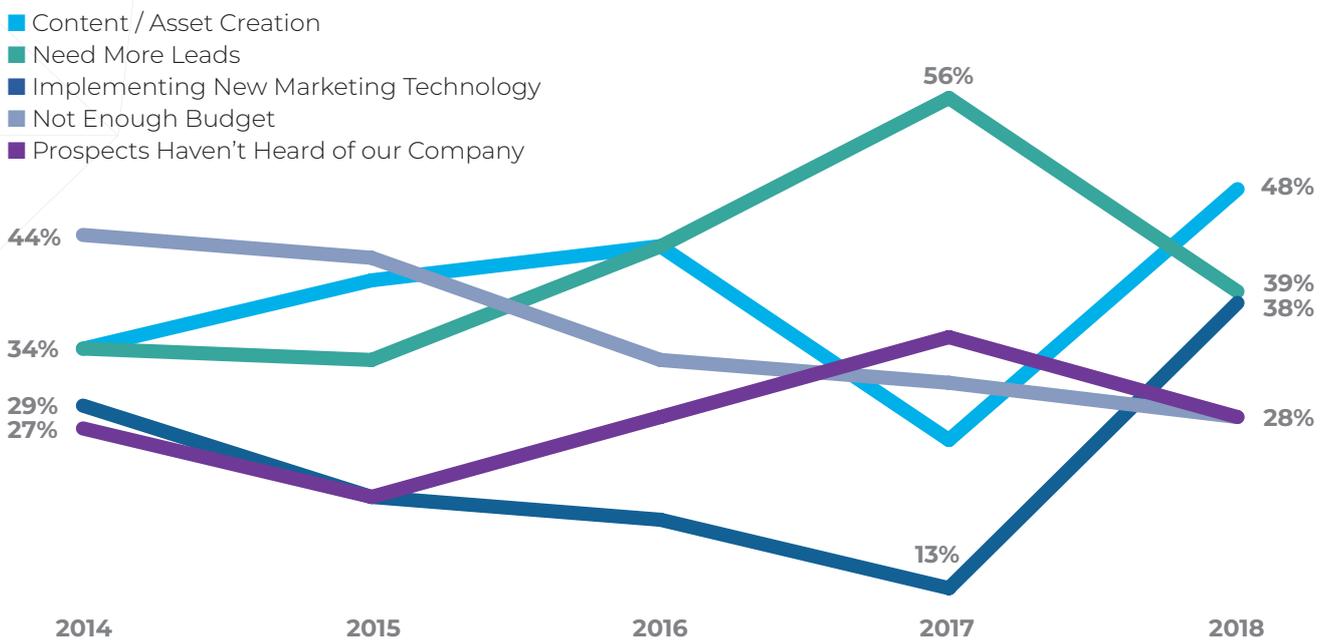
Achinta Mitra: Manufacturing marketing is shifting from traditional product-centric marketing to more customer-centric content marketing. Engineering consulting companies are becoming more proactive marketers because the scope of their business is more global now.

“Q: “Compared to 2017, will your 2018 engineering market budget be...”

BIGGEST MARKETING CHALLENGES

Marketers in 2018 see content and asset creation as their top challenge. This is the first time content creation has stood atop the list of challenges marketers expect to face. This reflects a shift we first saw in 2017, where many marketers began to discuss issues of low-quality content clutter. The solution to this was to focus on producing higher-quality articles, white papers, videos, etc. to better compete for their target customers' attention. The end result? Higher costs of production and more involved processes to produce the content needed, thus catapulting content and asset creation to the top of the challenge list.

CHALLENGES FACED BY MARKETERS 2014 THROUGH 2018



John: I think lead generation is going to be a major problem for many marketers in 2018 and beyond. There are a finite number of possible leads for your product. With revolutionary technology in the form of AI cropping up and only getting stronger, we'll continue to get better and better at matching prospects to products. When this happens, we will reach a time when we aren't able to generate more leads than during the previous cycle because the well has run dry.



Achinta Mitra: Engineering and industrial marketers have learned some hard lessons. Pumping out more content doesn't help. Most of these companies know who their prospects are and yes, it is a limited pool no matter how big it may be. Getting in front of these people and engaging with them in meaningful conversations is a bigger challenge. This is not something that's quick and easy to fix.

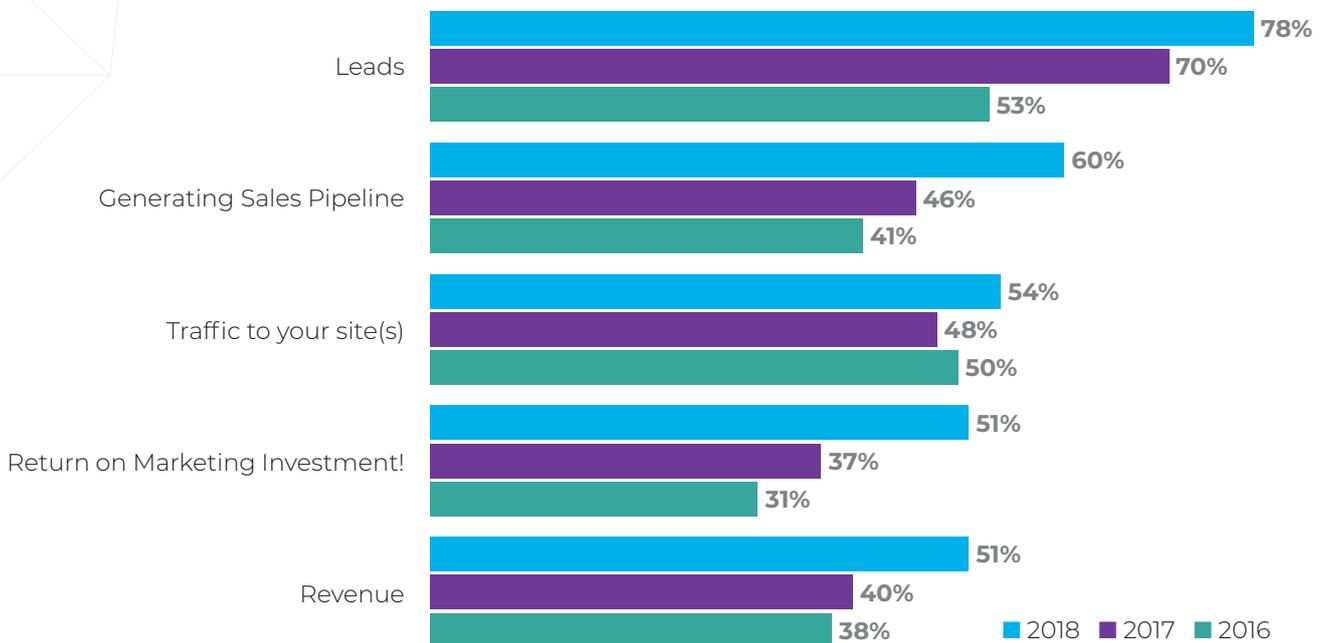
"Q: "What do you consider your biggest marketing challenge(s) in 2018?"

ALLOCATING THE MARKETING BUDGET

EVALUATING MARKETERS IN 2018. IT'S ALL ABOUT LEAD GENERATION

This chart shows how marketers are being evaluated and also shows for comparison the responses for 2017 and 2016. You can see that in every year the top-rated answer was that marketers are evaluated based on leads. The percentage of marketers being evaluated on leads is also growing, now at 78% compared to 53% two years ago. This reflects another interesting trend, which is that all of the bars are growing every year. This suggests that marketers are being held accountable in ever increasing numbers, and that the metrics that they are measured on are becoming more nuanced and complex. This is the dark side of getting more budget. You become more accountable.

HOW MARKETERS ARE EVALUATED



Shawn Fitzgerald: It's always going to be about leads and quality. However, the real secret for manufacturers is tightening up their nurturing and sales follow-up process. Too many manufacturers sit and wait for RFQs – they are missing out on the opportunities earlier in the design and sourcing process.



John: The bars above show major leaps in all categories with the exception of traffic to site. Upper management is clueing into what digital marketing is accomplishing and wants to see results. Conversions and traffic will be correlated, but conversions themselves are likely better predictors of success so traffic is de-emphasized. Conversions are also harder to game compared to traffic, so say farewell to vanity metrics and marketing click-bait.

“Q: “Which metrics are you measured on?”

RESPONDENTS RANKED THEIR SOURCES OF NEW CUSTOMERS

Since so many people are evaluated on leads, this year the survey included a new question where respondents were asked to rank the effectiveness of their activities/channels in helping source new customers. Interestingly, the number one source reported was owned/internal digital marketing activities, whether that be blogging, distribution to their email lists, or conducting outreach on owned social media channels.

SOURCES OF NEW CUSTOMERS ACCORDING TO MARKETERS



John: Sales activities was the 2nd most popular source of new customers. If you were to jump in a time machine and go back ten years this would easily be number one. In previous years, we would ask marketers if “marketing was becoming more important relative to sales,” and every year the answer was a resounding yes. It was so automatic we ultimately dropped the question from this year’s survey in favor of this one.



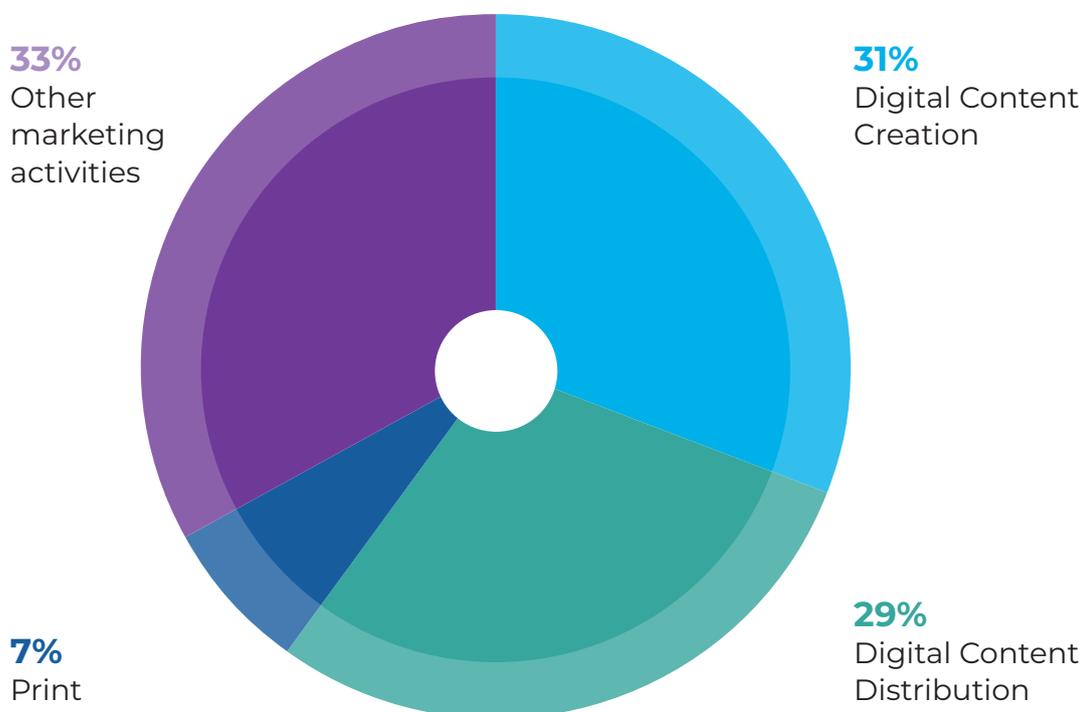
Shawn Fitzgerald: Manufacturers should leverage their own reach, other audiences like engineering.com and Thomasnet.com, and the rest of the internet to generate the leads and opportunities to grow their business. It is important to drive business from all available media – paid, owned, and earned.

“Q: “Please rank the following activities/channels in their effectiveness in helping you source new customers”

PROJECTED MARKETING SPEND BY ACTIVITY

The chart below shows you a breakdown of marketing spending across four big categories. The largest at 33% of total budget spend, “Other external marketing activities,” includes things like trade shows, which are quite expensive, and the production of marketing collateral. The next biggest category, at 31% is digital content creation followed closely by digital content distribution at 29%. These are both content marketing activities and they are both digital, so this indicates just how far the engineering marketing industry has come, shifting its focus from selling products through a sales channel to educating prospects on how to solve their problem by using the marketer’s product.

MAJOR MARKETING SPENDING ALLOCATION IN 2018



Shawn Fitzgerald: Creating digital content and distributing it is getting easier and more affordable everyday. Beware of ad fraud as you set your display promotion tactics. It’s estimated that businesses will waste \$14B in 2018 on fake bot traffic.



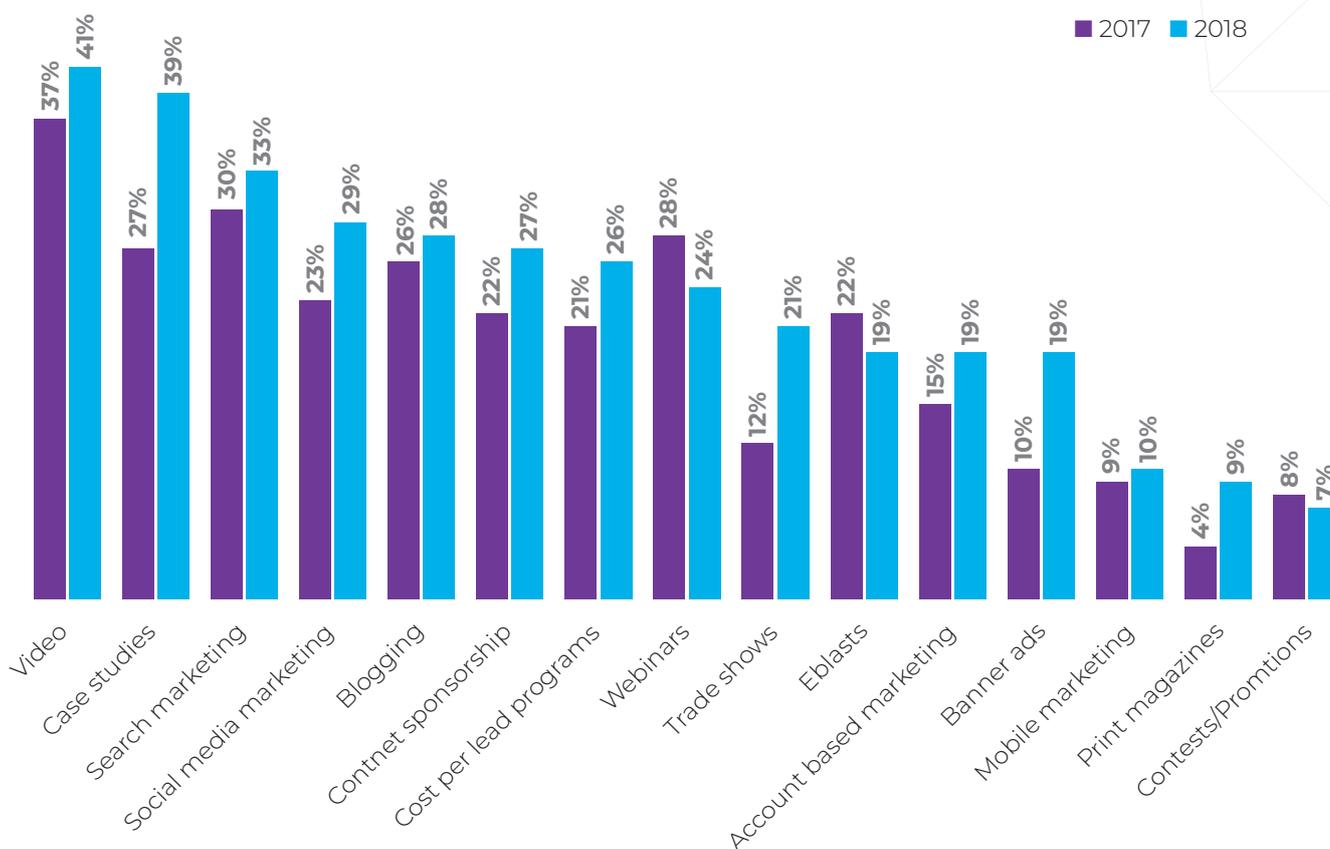
John: In previous years, many marketers would greatly outspend on content creation but ignore distribution – only the most successful marketers seemed to realize this needed to be near 1:1. It’s encouraging to see the rest of the engineering marketing community catch up.

“Q: “What percentage of your department or area’s external marketing budget will go to the following activities in 2018?”

WHERE ARE MARKETERS INCREASING SPENDING?

The chart below is in some ways the signature analytical item of the Industrial & Technology Marketers' Budget survey. It shows, in declining order, where marketers are increasing their budgets for this year. The question we asked is whether your budget for the following activities will be smaller, the same or larger than last year. The height of the bar indicates the percentage of marketers who said that they would be spending more on any particular budget area. 2017 data is included alongside 2018 data to show the shifts in marketing spending.

AREAS OF INCREASING SPENDING 2017 VS. 2018



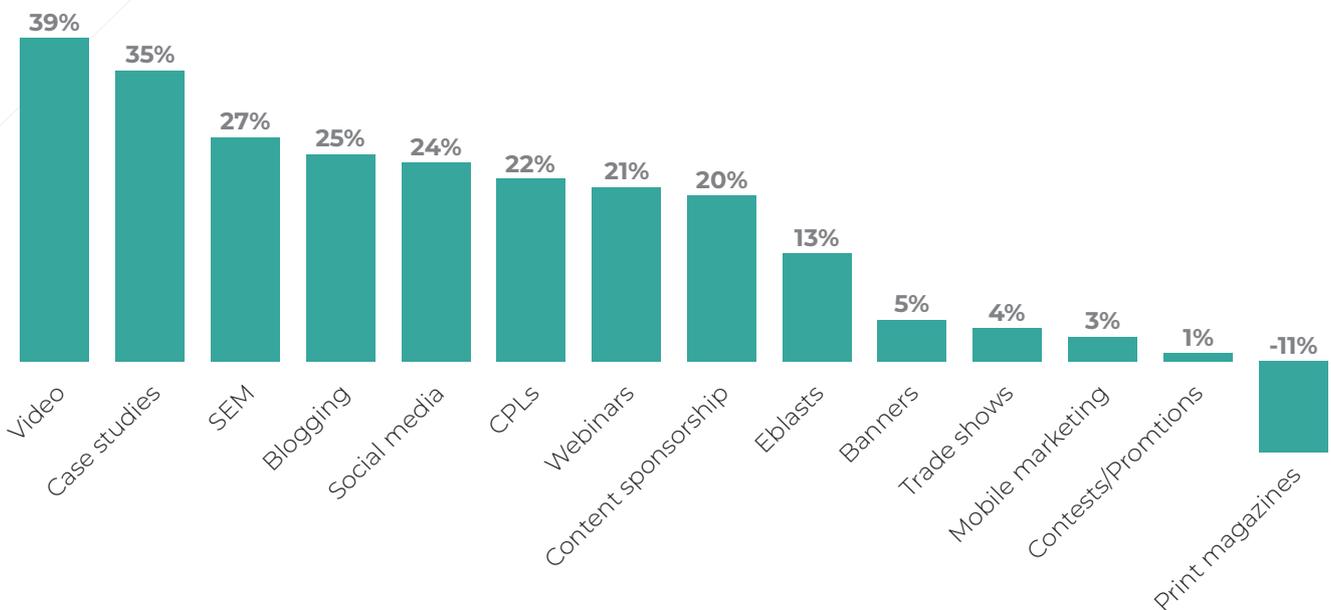
John: For years we've been hearing video was the future of marketing. Well, this data seems to suggest the future has arrived. That being said, I don't think this is just about volume of video. I think we're also seeing investment in video moving up because people are producing better video, and better video can get really expensive, especially when you start flying a camera crew and talent to shoot on location.

“Q: “Will you conduct the following marketing activities next year? If so, will your budget be smaller, larger, or about the same as 2017? Distribution of responses for ‘Larger’ showing”

NET GROWTH IN MARKETING SPEND

The chart below takes the percentage of marketers increasing their spend on a given activity and then subtracts the percentage of marketers decreasing spending. In conjunction with the previous page, you can see where marketers agree and disagree. And clearly, not everyone agrees when it comes to where they should increase spending. As before, video, case studies search and social are big winners with most marketers agreeing they are areas worthy of investment. In the middle are banners, trade shows, mobile marketing, and contest/promotions. There is turmoil here with more investing than not, but by a thin margin. Print magazine stands alone at the other end – there is a lot of agreement, and that is to pull budget.

NET SPEND GROWTH IN 2018



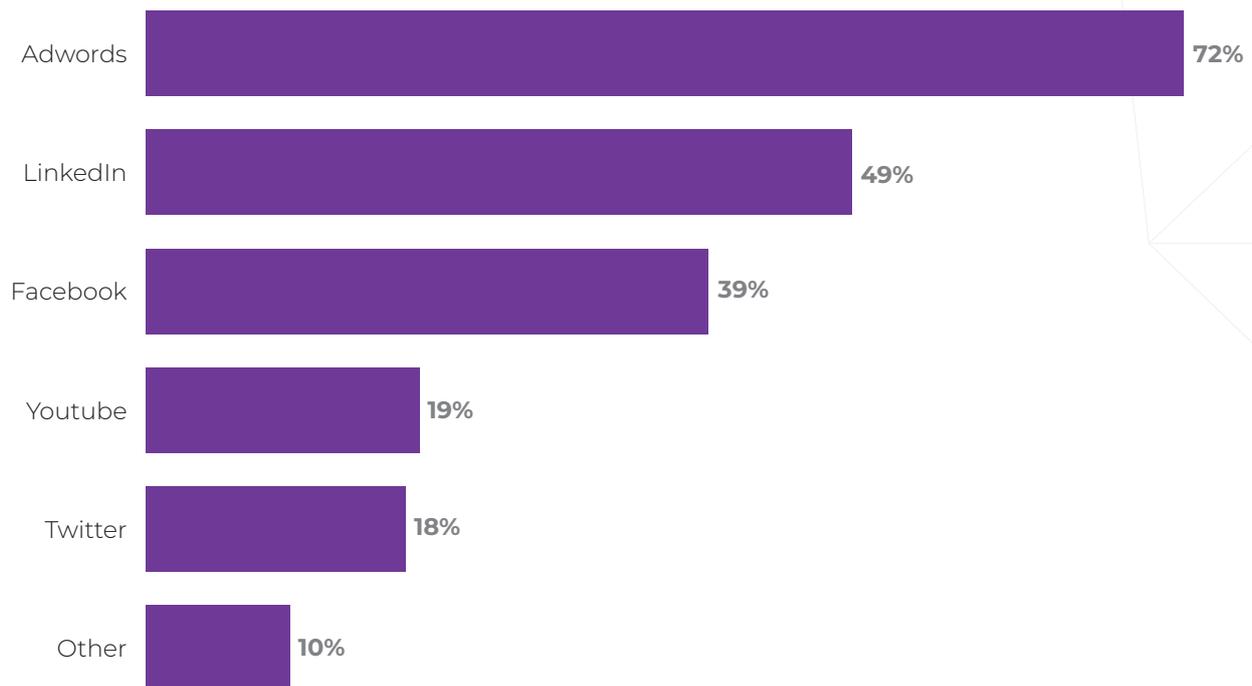
Achinta Mitra: Case Studies are very important for engineering marketers, but NDAs do pose a problem. Some marketers are getting around this by making their case studies more application specific without naming names.

“Q: “Will you conduct the following marketing activities next year? If so, will your budget be smaller, larger, or about the same as 2017? Distribution of responses for ‘Larger’ showing”

ADWORDS DOMINATES THE PPC SPACE

For the first time this year the survey asked marketers how they allocate their PPC budgets. It was not surprising to see that Google Adwords was the most common PPC product, but it was a little surprising to find that the figure was only 72%.

PPC PLATFORM USAGE BY MARKETERS



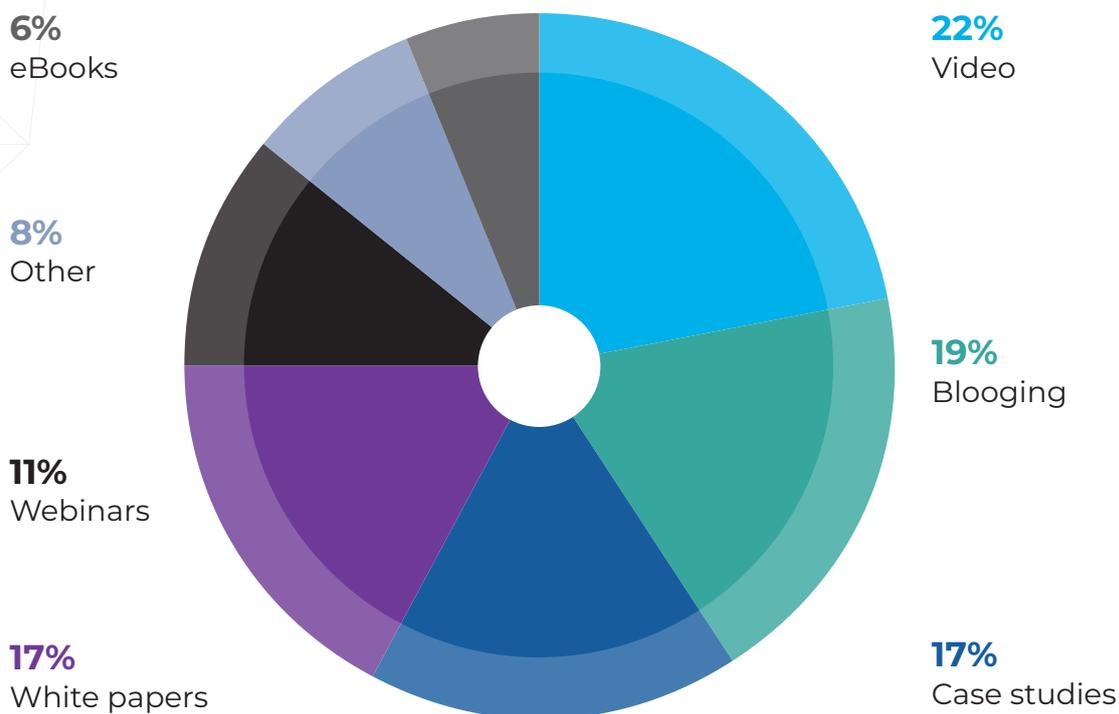
John: Choosing the right PPC platform for your marketing efforts is critical. We recommend using 'search' platforms like Adwords and Youtube to drive traffic to landing pages that offer solutions to the problems your prospects are trying to overcome. You can also use passive platforms like Facebook and LinkedIn to source prospects before they even know they need you, so you can over time build their interest and be top of mind when they enter a buying cycle.

"Q: "Do you work with any of the following PPC platforms, and if so how satisfied are you with them?"

VIDEO HAS BECOME THE DOMINANT EXPENSE IN CONTENT MARKETING BUDGETS

Video has been on the rise for a couple years, so it's no surprise that it's overtaken all other forms of content in 2018 in terms of budget. Blogging coming in second as overall percentage of budget spend isn't surprising as it's the dominant inbound activity for smaller marketing teams with smaller budgets.

BUDGET ALLOCATION BY TYPE OF CONTENT



John: I am surprised to see eBooks seeing such small allocations. I think this is in part due to their larger production time and cost. They're the inverse of blogging – whereas blogs can be cheap and easy, eBooks are more cost intensive (especially when you're conducting independent research) and take time to produce. Our experience is that they are worth the extra investment, especially if you repurpose the content into blogs, webinars, etc.



Shawn Fitzgerald: Video doesn't have to be expensive to be effective. There are many affordable tools that use images instead of "talent" to get your message across. Try these to get an easy and affordable start. Also – you're going to be terrible at it at first, and that's fine. Just get started, you'll be surprised how quickly it comes together.

"Q: "How will you allocate your budget for content creation?"

LEADERS VS LAGGARDS

WHO ARE LEADERS AND LAGGARDS?

Correlating activities with company performance is one way to determine what activities are contributing to success. It's not a perfect measure as there are many reasons why a company would be growing, and bad marketing teams can exist in great organizations, but with numerous respondents it's a good way to get a sense of what's working and what isn't. Below you'll find the definitions this research used to distinguish the two groups.

COMPARED TO OTHER COMPANIES IN YOUR INDUSTRY,
YOUR COMPANY IS...?



Leaders

Growing revenue faster than the competition, 42% of respondents



Laggards

Growing revenue slower than the competition, 14% of respondents

PERFORMANCE BY DIGITAL ADOPTION

Level of digital adoption is important in a world where 60%+ of marketing budgets are going to digital channels. The results below show that companies that are investing well-below their peers in digital channels are having trouble growing with only 17% of “digital skeptics” outpacing their competitors’ growth. “Digital pragmatists” and “digital enthusiasts” are faring much better, with 45% of each group outperforming their competition.



17%

Digital Skeptics,
17% are Top Performers

45%

Digital Pragmatists,
45% are Top Performers

45%

Digital Enthusiasts,
45% are Top Performers



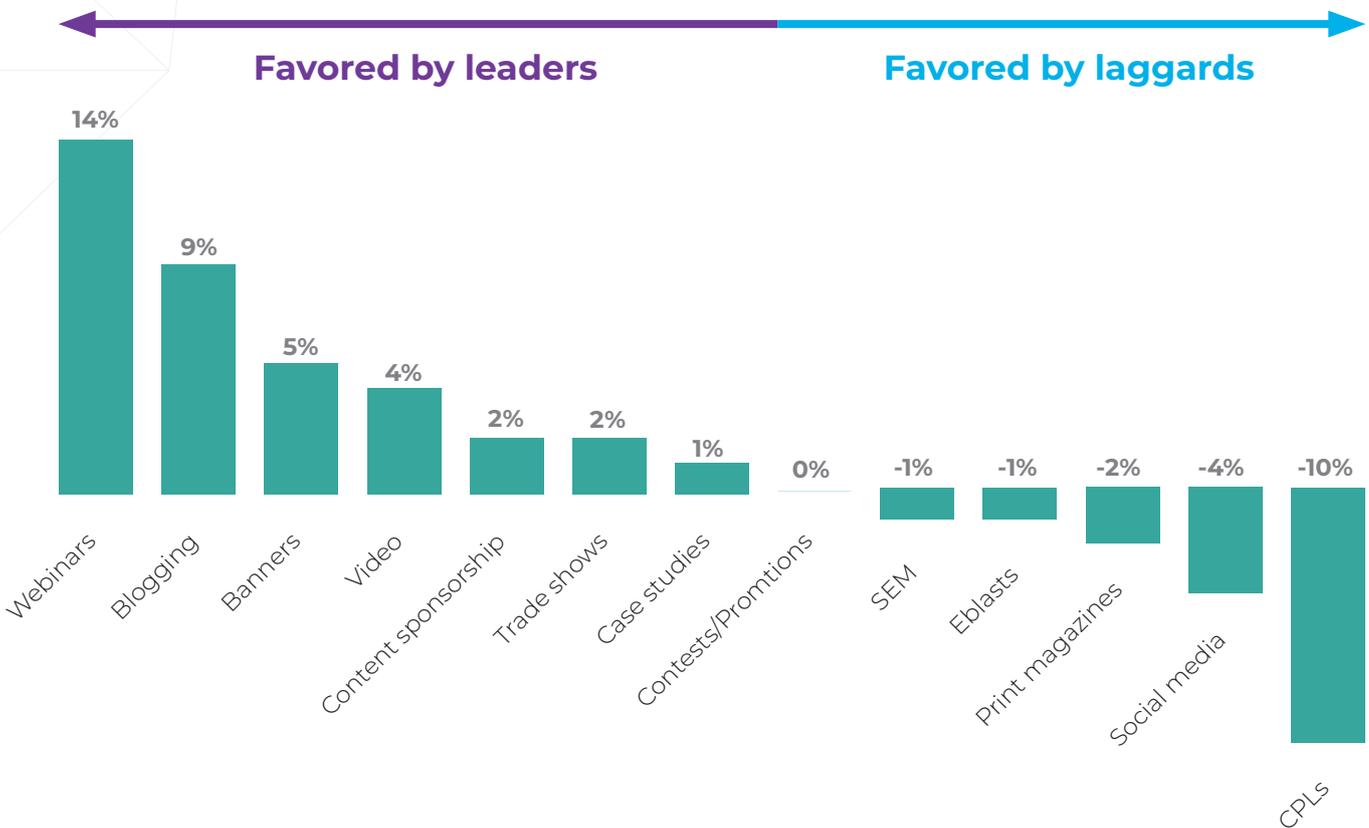
Shawn Fitzgerald: If you are a head of marketing who is spending less than 30% of your budget on digital marketing in 2018 – you won’t keep that job for much longer. Either you’re a student of the game or you’re not. The game is now digital.

“Q: “What percentage of your department or area’s external marketing budget will go to the following activities in 2018?”

NET INCREASE TOP PERFORMERS – NET INCREASE LAGGARDS RANKED BY DEGREE OF DIFFERENCE

This chart contrasts how leaders are spending compared to laggards. The values shown are the differences in overall budget growth by leaders compared to their laggard counterparts. It was created by looking at increasing spending on an activity minus decreasing spending for each of the two groups. This analysis highlights the differences between where the top performers are increasing spending versus where the laggards are increasing spending.

NET INVESTMENT BY BUSINESS PERFORMANCE

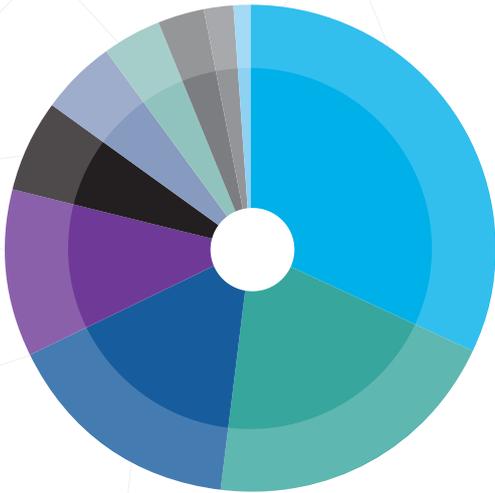


John: I think that the top performers are doubling down on webinars because they are uniquely useful in forming a connection with an audience and turning them into prospects all in one go. Webinars allow marketers to show a technical audience how something works, discuss specific applications, and even answer questions in a Q&A.

“Q: “Will you conduct the following marketing activities next year? If so, will your budget be smaller, larger, or about the same as 2017? Distribution of responses for ‘Larger’ showing”

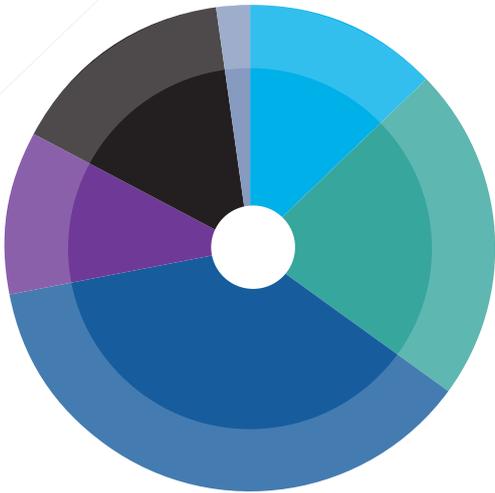
DEMOGRAPHICS

INDUSTRY



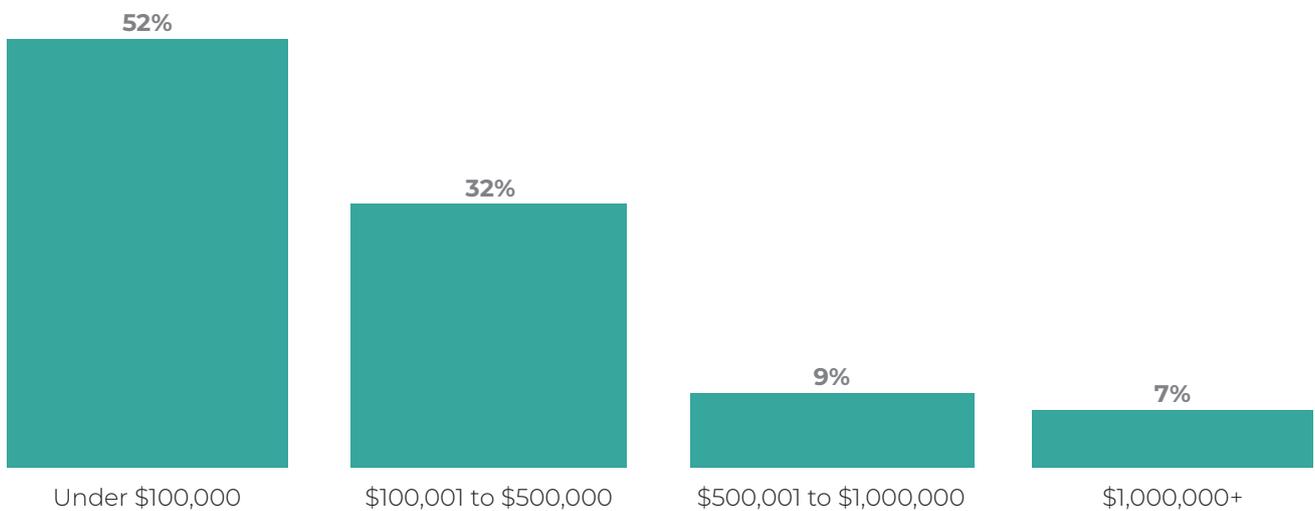
- 32%** Manufacturing
- 20%** Software
- 16%** Consulting/Engineering services
- 11%** no label
- 6%** Tests & Measurement
- 5%** Agency
- 4%** Electronics
- 3%** Computer Hardware
- 2%** 3D Printing/Additive Manufacturing
- 1%** Education

JOB ROLE



- 13%** C-Suite
- 22%** Director
- 37%** Manager
- 11%** no label
- 15%** Specialist
- 2%** Planner

SIZE OF BUDGET



EXPERTS' REPORT WIDE INSIGHTS AND RECOMMENDATIONS



John Hayes, President engineering.com

Technical marketing is growing up, which makes life both easier and harder for marketers. The good news is that budgets are going up.

But with that maturity comes new pressure from the executive suite. Do you remember a time when executives got excited by seeing how many YouTube views your product video received? Those happy days are over.

Now it's all about demonstrating the business value of digital marketing. In the complex field of B2B marketing where every sale can have multiple touches, getting attribution right and finding the best places to allocate budget is hard.

The easy answers, such as Google AdWords and even Facebook, are getting much more expensive. The bar for creating quality content is rising. What's a marketer to do?

At engineering.com we find ourselves going beyond the typical role of publishers to having ever more in-depth conversations with our clients about how to develop multi-channel campaigns that reach, connect and engage with their target audiences.



Shawn Fitzgerald, VP Marketing

I expect the trend toward using more niche outlets to promote your engineering company to intensify. As ad fraud comes into the spotlight, more platforms will move to closed ad servers and away from the big ad networks.

Use of Cost-Per-Lead (CPL) and Account Based Marketing (ABM) services will also grow as engineering marketers discover they can target very specific prospects and nurture them to becoming customers.

I'm really happy to see so many marketers committing to video this year. You don't have to be an expert. Try Lumen5 on some of your existing blogs and republish them – you'll be surprised at the lift they'll get. If you can't do it yourself, try Upwork to find a kick-ass freelancer to help you out.

Either way, don't give up!



Achinta Mitra, Founder & President of Tiecas, Inc.

To wrap it up...

- As industrial content marketing has matured, manufacturers and engineering companies have seen its tangible and lasting benefits. They are more willing to allocate a bigger share of their marketing budget to content marketing.
- It takes people with the right expertise to create relevant and technically accurate content that resonates with engineers. This kind of talent isn't cheap.
- Accurately measuring Return on Marketing Investment (ROMI) and overcoming the challenges of improper attribution will require more investments in marketing technology.
- Just throwing more money at marketing isn't going to solve the problem. You've got to allocate your spend carefully between various channels, tactics and more importantly, skilled people to execute and manage your program efficiently. It all starts with spending enough time up front to come up with a plan that aligns well with your sales process.

