



ISSUE

Insights on Important Marketing Communications Issues

ABM Study Makes Case for Advertising During Downturn

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A new study commissioned by the trade association American Business Media shows that advertising during a down economy can have a long-term impact on brand awareness and purchasing decisions. The findings are based on a broad-based media survey conducted by Yankelovich Partners/Harris Interactive Inc.

The research looked at how executives spend time with b-to-b media across platforms and how b-to-b media compare with traditional media and affect purchase decisions. The survey was conducted by telephone with 505 executives at U.S. companies with at least \$5 million in annual sales.

One of the key findings is that 86% of executives said that when they see advertising by a company in a down economy it keeps that company top-of-mind when they make purchasing decisions, and it makes them feel more positive about that company's commitment to its products and services.

Significantly, 99% of executives said that in a down economy it is important to keep abreast of new products and services for their industries, and 97% said it's important to continue to invest to remain competitive.

While executives stressed the importance of advertising, many of them are not demonstrating their commitment to it now, said Gordon T. Hughes II, president-CEO of the New York-based ABM.

"The galling thing to me is that 99% of companies said even in a down economy it's important to keep abreast of new products and services; so why aren't they doing it?" Hughes said, referring to these companies' own ad spending. "There are very few IBMs

around who have actually increased their advertising spending [this year]."

Advertising has been particularly hard-hit by the sluggish economy and by the impact of the September terrorist attacks. Many research firms have revised their ad forecasts down even further since Sept. 11, and media companies have seen a sharp drop in earnings as a result of ad cutbacks.

Still, Hughes said he is optimistic that the survey's findings will help stimulate ad spending, at least in the b-to-b space.

The survey found that 46% of executives rank trade magazines and professional journals as their No.1 source of information, followed by Web sites (44%) and general business magazines (30%).

The study also examined how much time executives spend with various b-to-b media, with the Internet coming out on top.

The average amount of time executives spent on b-to-b Web sites in the week prior was 2 hours and 46 minutes. They visited an average of 7.5 Web sites during the month prior. (The survey was conducted between June and August.)

The average amount of time executives spent reading b-to-b magazines in the week was 2 hours and 15 minutes. Executives reported reading an average of 4.6 b-to-b titles in the month prior.

"One of the things that sticks out is just how important b-to-b magazines are for executives," said Guy Wendler, president-CEO of Stamats Communications Inc., Cedar Rapids, Iowa, which publishes six b-to-b magazines for the meetings and commercial real estate space markets.

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Citing the finding that more than two-thirds of executives surveyed spend two or more hours a week reading b-to-b magazines, he said, "It's a very powerful message."

The survey also examined trade shows as a source of information, with executives

visiting an average of 2.9 b-to-b trade shows in the past 12 months.

"We thought we'd do pretty well, but we at ABM didn't anticipate the results would come back this stellar," Hughes said.

B-to-B Information Sources

B-to-B executives were asked which media they get their information from and how they influence their purchasing decisions. The percentages below are based on responses of "extremely valuable" to "somewhat valuable."

Medium	Information Sources	Purchasing Influence
B-to-B Magazines	56%	51%
B-to-B Trade Shows	51%	49%
Salespeople	48%	47%
B-to-B Web Sites	47%	44%
Professional Organizations	44%	40%
Online Database Services	34%	29%
Newspapers	34%	23%
General Business Magazines	17%	11%
TV Business Networks	15%	11%

Source: "Business-to-Business Media Study," American Business Media, 2001.

