



THE CHEMICAL INDUSTRY MARKETING REVOLUTION: 3 THINGS PRODUCERS NEED TO KNOW NOW

Think digital marketing in the chemical industry is still a decade away? Think again. Leading-edge chemical producers are already moving beyond the industry's longtime reliance on in-person relationships. Instead, they're using powerful, internet-based marketing strategies to grow sales, land new customers, and connect with younger buyers.

Why? The massive opportunity to use digital to grow sales while reducing marketing costs. Cost-per-lead can fall by up to 50 percent when chemical companies employ digital strategies, and companies that employ digital strategies are forecast to see growth at twice the industry average rate, a 2017 McKinsey & Company study found.

How can smart producers position themselves for success in digital marketing? Here's a look at the three key trends chemical producers need to understand today:

1. CHANGE ISN'T COMING TO THE CHEMICAL INDUSTRY... IT'S ALREADY HERE

While many producers know digital marketing is an emerging trend, there's widespread denial that this digital future is now. Many believe change is a decade away -- but a recent survey of major chemical producers by ICIS/Accenture revealed 35 percent of customers are already being approached online.

Three factors are driving industry leaders to make their move into digital marketing now:



COMPETITION IS FIERCE

Today's chemical industry is considered mature, with few new compounds being discovered that would command premium prices. This has led to commoditization, bringing intense price pressure that's driven down specialty chemical gross margins to a historic average low of 30%, where some compounds previously boasted 90% margins, a report from consulting firm Strategy& found.

These industry changes have made 'finding new ways to grow producers' top concern, according to the Accenture survey. To that end, many forward-thinking producers' focus has already turned to digital marketing, with its power to affordably reach and sell to new customers in geographically remote, fragmented, or highly specialized markets.

"We saw 10,000+ digital inquiries come in for our suppliers' products in the past year," says Chris Lupica, managing director of ChemPoint. "We had to add resources to our already strong team in order to keep up with the pace of incoming leads."



OLDER WORKERS ARE RETIRING

The old-school world of handshake sales is fading away in part because of the industry's changing workforce. One-quarter of the American workforce will soon be retiring, and 30 percent of workers are under age 35 today. In the chemical industry, almost 40 percent of employees are Millennials today, PriceWaterhouseCoopers found. The trend to younger workers will only accelerate in the years to come -- by 2020, nearly half of all U.S. workers will be Millennials.



MORE CUSTOMERS ARE RESEARCHING AND BUYING ONLINE

As Millennials take more positions as chemical buyers, digital marketing becomes the obvious choice. Younger workers grew up buying online and consider it a convenient, desirable way to do initial research, compare offers, and make purchases.

2. KEY DIGITAL MARKETING STRENGTHS ARE NEEDED ASAP

The growth of digital raises questions for chemical producers. There are many possible online strategies companies could employ – which are best? ChemPoint Head of Marketing, Ali Amin-Javaheeri, advises prioritizing three initial steps:



BUILD A STRONG ONLINE PRESENCE:

Younger buyers strongly prefer user-friendly websites, where it's easy to navigate and quickly find the information they seek, says Amin-Javaheeri. Remember, they're used to shopping sites such as iTunes and Amazon, so understanding ecommerce design and usability best practices is key. Digital marketing begins with the establishment of a strong online home base.



LEARN ABOUT DIGITAL MARKETING OPTIONS:

There are a wide range of digital-marketing strategies companies can employ, including SEO-optimized microsites, display ads, AdWords ads, strategic ad retargeting, Webinars, email campaigns, and digital surveys. The time is now to learn about digital customer experiences, so producers can align digital-marketing priorities to customers' preferences and maximize their effectiveness, he adds.



PREPARE FOR INSIDE SALES:

Once inbound leads are captured online, it's cost-efficient to use a technically savvy inside sales team to follow up. This team can answer buyer questions, build ongoing relationships, and use online tools such as videoconferencing to affordably facilitate face-to-face chats.

3. MAKE DECISIONS NOW ON DIGITAL STRATEGY

One thing is certain: Digital marketing is coming to the chemical industry, and companies need to decide on their online direction now. Initiatives will take time to develop and implement.

“Chemical producers really need to get started now,” says Amin-Javaheri of ChemPoint.

“Successful digital marketing initiatives are iterative by nature -- it takes time to test tools and channels, measure results, and then optimize.”

Companies that put off this decision-making process may pay a steep price. At this inflection point, the advantage will go to early movers – and the potential for gaining competitive advantage is real.

Chemical producers need to assess whether they can quickly build effective digital capability within their companies, or whether partnering with an experienced digital marketer is a better option.

For instance, distributor ChemPoint has implemented hundreds of digital marketing campaigns that generated over 5 million ad impressions. Clients are able to tap ChemPoint’s data analytics and industry expertise across all these campaigns, to stay on top of best practices and spot industry changes early.



RECOMMENDATIONS

Some chemical producers are already using digital marketing to steal leads from competitors, the ICIS/Accenture survey found. Perceptive producers will follow suit quickly, by outsourcing their digital marketing needs to qualified players, says ChemPoint’s Chris Lupica.

For chemical producers inexperienced at digital marketing, building digital expertise from scratch can prove too difficult, costly, and time-consuming to yield a competitive edge. Tomorrow’s industry leaders will weigh their options now, set priorities, and find experienced distribution partners to help them become early movers in digital marketing.



TALK TO AN EXPERT

MARK FRIEDL
mark.friedl@chempoint.com
312.931.0678

ANDREA ELLERTSON
andrea.ellertson@chempoint.com
425.591.9461

DENNIS SCHMEITS
dennis.schmeits@chempoint.com
EMEA +31.63.051.6997

www.chempoint.com