

APRIL 2017

IS NOW THE TIME TO RESTART YOUR OIL & GAS MARKETING EFFORT?

Tom Prikryl, President of Triad - A B2B Agency

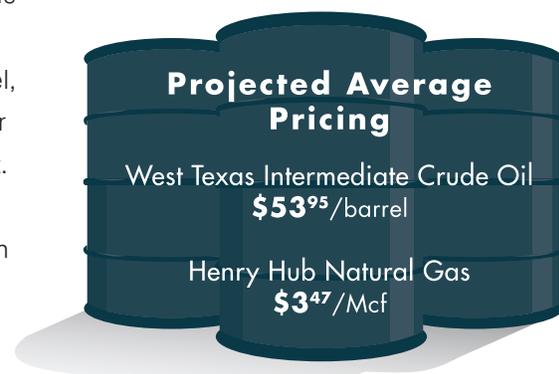
The difficult question that has faced generations of oil and gas C-suite and marketing management is once again an issue: when (and to what extent) should you begin to revive your marketing efforts following a steep industry downturn?

Companies are often reluctant to make a significant budget commitment to marketing when a reasonable amount of uncertainty still exists. At the same time, companies also don't want to be late in establishing themselves, and lose the opportunity to make an early impact and gain market share in a potentially expanding market.

Preface

Over the past few years, the oil and gas industry has seen the good (\$100/bbl. oil), the bad (<\$30/bbl. oil), and the ugly (tens of thousands of industry workers laid off). Today, we are experiencing a limited, but seemingly sustainable, rebound. Oil appears to have found a steady price range between \$45 and \$55/bbl., maintaining a level within that range for more than 10 months. Even natural gas has ticked up from its low \$2/Mcf pricing in late November 2016. Currently, Henry Hub wellhead pricing for a Mcf of natural gas is ranging from \$2.70 to \$3.10. Predictably, the industry has responded to the higher commodity prices, with the domestic rig count growing by over 374 working rigs compared to last year.

Pertinent to the issue of marketing to the oil and gas industry is the fact that as the industry begins to come back to life, many companies find themselves in need of additional trained and skilled workers. This situation may seem a bit ironic, given the massive layoffs experienced throughout the industry over the past several years. However, this shortage of talent is a real issue and represents another driver for marketing to the industry. With a shortage of personnel, oil and gas companies will be looking to their suppliers for an even greater level of support. In situations like this, suppliers have the opportunity to build strong relationships with their oil and gas customers.



Source: World Oil Annual Forecast Breakfast, Feb. 2017



The IMPACT of Change

There are a number of ramifications associated with the evolving nature of today's oil and gas business. The foremost is found in the radically changing base of buyers and buying influencers. Many talented people have been laid off since 2014, and some of the industry's more seasoned talent has chosen to retire. Those layoffs and retirements have, in turn, thrust new people into positions of buying authority. As a result, the impact of old buying patterns and former brand loyalties has been reduced, if not completely severed. There will be new people making buying decisions who you don't know. At the same time, these same people will most likely know little about your company.

There is a whole new generation of buying influencers who are, in effect, free agents in terms of their preferences and loyalties. They will be the ones forming opinions and brand preferences, making marketing to them a priority.

There is a whole new generation of buying influencers who are, in effect, free agents in terms of their preferences and loyalties.

The IMPLICATIONS of This New Market Situation

Today, we have an industry that is still feeling the financial effects of a dramatic downturn, and at the same time is struggling with developing the manpower to capitalize on even a moderate recovery. Since many of the industry's companies are reticent about hiring, new buying influencers are often being tasked with mounting job responsibilities. As previously mentioned, these new influencers will increasingly look to their suppliers for the support they need. Eventually new buyers will develop a better sense of what products and services they prefer and what brands they can trust. The purchasing habits these new buyers develop will guide the way they do business for quite some time.

Establishing an early presence in the market while new buyers are forming brand opinions can be a positive differentiator for companies.

Based on this scenario, now may be the right time to restart marketing efforts targeting the oil and gas industry. Establishing an early presence in the market while new buyers are forming brand opinions can be a positive differentiator for companies having aspirations to emerge as a market force. In addition, given the uncrowded nature of the oilfield marketing space today, even a moderate effort should generate sales leads and create opportunities to meet potential new customers. Parallel to the effects of marketing, logic also dictates that supplier companies that meet with potential customers early on will have an advantage in terms of building new relationships.

At the same time, the oil and gas industry remains a relatively unstable market. Therefore, programmed spending on marketing should be based on tangible objectives — awareness building, branding, lead generation, and/or other objectives that are aligned with your company's marketing and sales direction.



The EFFECT on Marketing Efforts

Depending on your objectives, your marketing effort may now lean more on social media, Search Engine Marketing, and public relations than it normally would, versus more costly traditional advertising or trade show participation. If your target audience is reasonably well defined in terms of prospective companies and job titles/functions, you may also opt for email or direct mail marketing. And for almost any market situation, the effective use of relevant content will prove to be an outstanding marketing strategy.

Whatever form your marketing effort takes, there are several key points to bear in mind:

- 1 Your approach and your messaging should take into consideration the nuances of a newly developing buying audience.
- 2 Through careful monitoring and review of response from your marketing efforts, you should refine your media and your message in order to best connect with industry's buying influences.
- 3 Finally, if your product and service can help to fill a knowledge or resources gap in a customer's organization, that point should be emphasized. Many companies in the oil and gas industry are in search of suppliers who can help them operate and meet their goals without increasing fixed overhead.

A FINAL NOTE

The marketing efforts for any company should be developed in line with its current situation, both its short- and long-term goals, and its current financial condition. However, whether dealing with a small or large budget, any marketing program will be executed more effectively — and more cost-efficiently — if it is carefully planned and implemented in line with a comprehensive strategy.

Today's oil and gas market is in a state of change. With that change, comes opportunity. Ultimately, how the various companies supplying products and services to the industry address this opportunity will now have a lasting impact on their business for years to come.



ABOUT THE AUTHOR

Tom Prikryl is founder and president of Triad – A B2B Agency, a 22+ year old industrial agency offering services tailored to meet the unique requirements of the oilfield marketer. Over the years, Prikryl has worked with many oilfield clients, including LeTourneau Drilling Equipment Group, Alcoa Oil & Gas, TIW, Schlumberger, Archrock, Bright Automation, Hoffer Flow Control, and K&B Industries. He has successfully marketed a wide range of equipment – from production and work-over tools, to completion tools, to artificial lift controllers, to drilling equipment, to oil country tubular goods.

Triad – A B2B Agency is a purpose-built organization, designed to best meet the needs of B2B clients. The agency's services include digital and print advertising, web design, content development, social media, video production, literature development, public relations, and Search Engine Marketing. Throughout its years in business, Triad's clients have come to count on Triad as a true partner, providing effective marketing strategies in addition to breakthrough creative.



10670 N Central Expy, Suite 465 | Dallas, TX 75231

P 214.953.6223 | tp@TriadB2BAgency.com | TriadB2BAgency.com