

GIBBS & SOELL

Insight

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Harnessing the Halo Effect of the New Stimulus Act

With the stroke of a pen, President Obama signed into law the U.S. stimulus bill and instantly established a global business imperative that many companies across a broad range of industries are eagerly marking in boldface on their growth plans. However, a major concern for marketers and communicators is how to effectively seize this opportunity without disengaging established audiences with an abrupt change in message strategy.

The stimulus program contains \$787 billion in total investments and tax cuts and is aimed at industries such as housing, energy, infrastructure, automobiles and telecommunications, among others. Of this amount, over \$70 billion is targeted for green technologies, including energy efficient products such as appliances, while an estimated \$100 billion to \$150 billion is earmarked for public infrastructure projects such as roads, bridges and high-speed rail systems. The alternative energy industry will also receive about \$50 billion for the development of renewable energy sources.

Tax rules and incentives are frequently-used tools for fighting a recession and some of the easiest ways governments can “encourage” businesses and consumers to get back in the game. No matter the rationale – or whether you believe saving or spending will get us out of this global economic crisis – the legislation’s opportunities are simply too compelling for marketers to ignore.

Marketing Dollars Shift

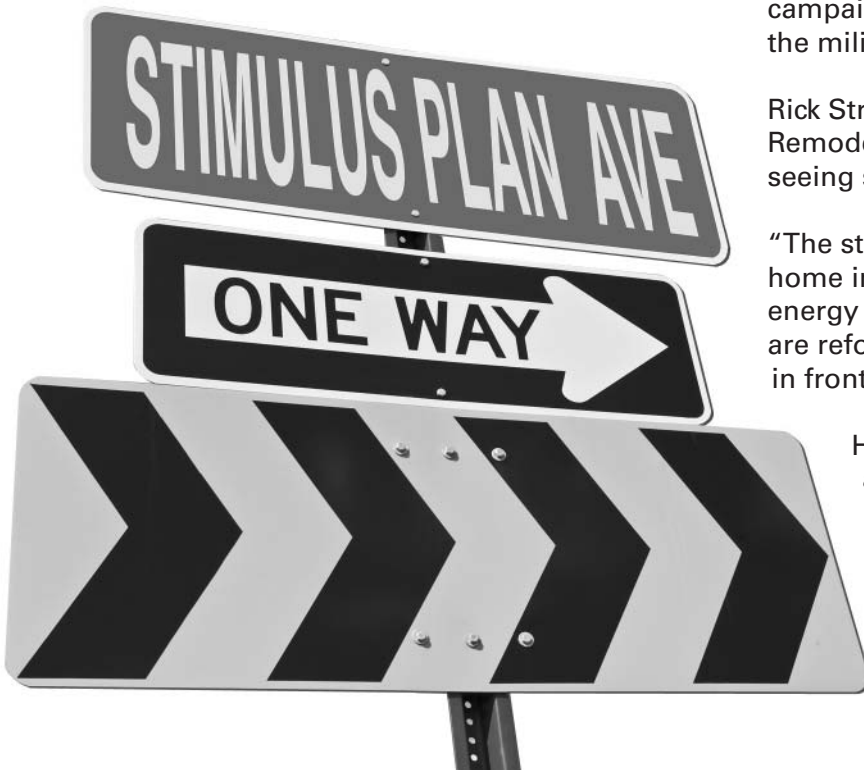
BtoB magazine reported in March that while most companies don’t expect to reap the rewards of the stimulus program until later this year at the earliest, they are redirecting many of their marketing expenditures and programs now as a result of the legislation. The president of marketing at Contech Construction Products, a 100-year old manufacturer of bridge, drainage and earth stabilization products, said the company is shifting from brand awareness programs to more focused efforts aimed at the public sector where dollars are being spent. It is working to develop micro-sites and e-mail campaigns to promote specific products targeted at the military and engineering markets, for example.

Rick Strachan, executive director for Residential Remodeling at Hanley-Wood Business Media, is also seeing significant interest in the bill.

“The stimulus package is particularly targeted to the home improvement market – and companies with energy efficient products like windows and doors are refocusing their message in an effort to get out in front,” said Strachan.

Hanley-Wood is launching a Web site in July and dedicating the entire content of the June issues of *Remodeling* and *Replacement Contractor* magazines to the topic.

“We’re seeing the effect on ad revenues as a result,” continued Strachan. “What’s



more, remodelers are telling us that they are beginning to see an uptick in their business as well as a result of the tax credits.”

Global Attention

The federal reinvestment program is attracting attention beyond U.S. borders. The Spain-U.S. Business Sustainability Conference held in March drew hundreds of influencers from both countries to discuss how Spanish companies are helping the U.S. grow its renewable energy market and boost local employment. Presented by the Trade Commission of Spain, a G&S client, the conference program helped energy and infrastructure experts exchange ideas and best practices on how new technologies and infrastructure investment would be essential to helping businesses, municipalities, states and the federal government stimulate the economy and better meet the needs of the public.


“We need a global mindset to drive the rapid adoption of new technologies and to improve everyone’s quality of life,” said Silvia Iranzo, Spain’s Secretary of State for Commerce. “Infrastructure and energy are driving forces. They are linked together and require the alignment of public, private and user perspectives to realize their full potential.”

A Marketers’ Challenge

With so many companies looking to capture a slice of the pie, marketers are grappling with how to best communicate which products and services qualify for the stimulus plan. Before jumping in, it is critical for marketers to closely examine their messages and target audiences:

- 1. Focus on differentiation.** With marketing budgets constrained today, communicators should work across divisions – product development, engineering, manufacturing, management, etc. – to determine which products best qualify for the tax credits. Ask yourself what niche your products and services fill and how your company can do it better than your competition. Then develop hard hitting messages that clearly illustrate product benefits.
- 2. Keep it simple and back it up.** The arcane eligibility rules of the law, combined with so many companies chasing stimulus investments, can easily cause confusion. Clarify and substantiate your offering to stand apart from competitors in a crowded marketplace.
- 3. Target the customer directly.** Digital communications and social media platforms can deliver your messages to key audiences with more precision. Examine your communications strategy to determine where and how new media may more effectively engage your defined targets.
- 4. Communicate and educate.** A survey conducted in April by Opinion Research Corporation, on behalf of building products manufacturer Johns Manville, found that nearly half of the homeowners aware of the stimulus package’s energy tax credits expect to use those credits. However, 72 percent of respondents indicated they don’t know how to apply for them.

Despite heady news of the availability of new financing, potential for expanded tax savings

to consumers and businesses, and marketplace opportunity, professional communicators must maintain a levelheaded approach on their communication strategies for a proper response to the stimulus legislation. By doing so, communicators can do more than bask in the glow of the new law’s halo effect; instead they can harness its potential for the maximum impact on business growth. 

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