Modern
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Intelligence for Wholesale Distribution Professionals

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■ *2014 State of Distributor Marketing*

Distributor Marketing Shifts to Digital

Marketing still tactical, rather than strategic, for most distributors

A joint MDM-Real Results Marketing survey revealed that while 80 percent of respondents create an annual marketing plan, for most companies, that plan is largely ignored after its creation. This article examines how distributors across sectors approach marketing and what they consider the most effective channels to be.

By Jonathan Bein

The 2014 distributor marketing survey covered several areas of marketing, including planning, objectives, vehicles, channels and organization. Companies are using more digital marketing than they did in the 2011 survey. They consider it more important, and they are staffing accordingly.

A key challenge articulated by many respondents is proper measurement of marketing return on investment. With the increase of sales and marketing channels, respondents indicated that there is difficulty in attributing a purchase to a particular marketing vehicle or campaign. The main problem is that one or more campaigns may have targeted a particular set of users. Deciding how to attribute the response and the ROI to one of the campaigns can be tricky unless it is set up properly to start.

In addition, many companies have historically viewed marketing as a cost center and have made minimal attempts to measure marketing ROI. As a result, it can be difficult to know what measurements make the most sense.

Along with the challenge in measurement for multiple channels, respondents identified the challenge of getting proper and consistent messaging across all of the channels. Staffing allotment and failure to follow a clearly defined marketing plan both contribute to this challenge.

In addition, messaging to multiple influencers instead of just one was mentioned by several respondents as a marketing hurdle.

About This Survey

This research was conducted by Modern Distribution Management and Real Results Marketing. It included an online survey taken by 305 participants across a variety of distribution and manufacturing sec-tors. There was heavier participation from industrial, safety, oil and gas products, electrical, electronics, building materials, janitorial, HVACR/plumbing and hardware. Other participating sectors included pulp and paper, chemicals and plastics, grocery/foodservice and pharmaceutical.

Nearly 50 percent of respondents were small distributors with less than $50 million revenue, nearly one-third had $50 million to $500 million in revenue, and 17 percent were large with more than $500 million revenue.

Half of the respondents have 10 or fewer branches, a quarter have 10 to 100 branches, 13 percent have more than 100 branches, and 11 percent have no branch.

Planning and Objectives

Respondents were asked to identify the primary influences on marketing activities. Corporate strategy has the biggest influence on marketing activities, followed by the sales department.

Marketing plans and responses to competitive actions had much less effect on actual marketing activities. While 80 percent of respondents create a marketing plan annually, only 40 percent rely heavily on the plan. Slightly more than 40 percent rely somewhat on the marketing plan. In

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INSIDE

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PERSPECTIVE ■ Commentary by Jenel Stelton-Holtmeier

Technology-Driven Value?

It's easy to say distributors are more than middle men in the sales process. They are there to provide product when customers want it, where customers want it and how customers want it, right? But what is the real value distributors provide?

Last week, MDM, in partnership with Grant Thornton, hosted a Webcast examining the threat of disintermediation (or the act of cutting distributors out of the sales process). In that event, the question was raised: Has technology changed what we have traditionally thought value to mean?

It's a difficult question to answer, because everyone has their own idea of "value." And it has to begin with answering: How have we traditionally defined value?

Different distributors offer different value. And the needs of the customer have certainly shifted in some ways over the last two decades, in particular. Before 1995, there was almost no "one-click" ordering via the computer; now it's becoming an expectation.

That expectation is based on the same demand that has existed: a easy buying process that delivers the needed goods. The process has been accelerated and changed; the value offered by distributors is still the same.

Technology has also increased the importance of demonstrating the value distributors provide. Thanks to the Internet, there is more visibility in the supply chain. Your customers can more readily look at your competitors and compare the value they say they provide with what you say you offer.

You have to clearly define – for yourself and your partners – the value you provide and how that differentiates you from the competition. Once again, the value itself hasn't changed, the expectations for visibility around that value has.

Technology may have been a differentiator 20 years ago, and in some ways it may still be – just not in the way you might initially think. Having a comprehensive technology presence – such as a functional e-commerce platform or a mobile sales force that can connect to current ERP system information – is quickly becoming a cost of doing business. If you don't have it, you won't have that basic distributor value of making the buying process easy.

The same applies to many of the other value identified by distributors. The value provided hasn't really changed; the process for providing that value is what has changed.

Access the MDM Webcast, Fighting Disintermediation: How Distributors Develop, Deliver and Measure Value, at www.mdm.com/disintermediation

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State of Distributor Marketing
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essence, for most companies, the marketing plan is a document that is written and ignored. As a result, marketing usually ends up as a service organization with a tactical role for most distributors, rather than a strategic role.

Respondents were also asked to identify what they wanted to achieve with their marketing programs. The top four priorities were to increase gross margin through price improvement, retain existing customers, grow wallet share and grow market share. These four priorities are externally focused and fall in the realm of sales, marketing and product management. By contrast, the next two priorities, decreasing cost-to-serve and increasing gross margin through supplier management, are operationally focused.

Customer retention is a bigger issue for small companies. Survey participants revealed that the omnichannel programs of larger distributors caused some customers to switch suppliers.

Larger companies placed greater emphasis on increasing gross margin through supplier management.

Marketing Vehicles and Channels

Distributor marketing programs are shifting away from store-based merchandising and events toward digital media, including email marketing, search engine marketing and social media. The emphasis on print media changed little since the previous survey.

The most frequently used vehicles, as shown in Figure 2 on the next page, include search engine marketing, in-store display merchandising, social media and telemarketing.

While digital vehicles are increasing in the frequency of use, print vehicles, such as flyers or catalogs, continue to be viewed as important or very important for respondent companies. (See Figure 3 on the next page.)

Key Marketing Trends

The 2014 survey revealed some key changes from the 2011 edition. While distributors shift from store-based marketing efforts to digital platforms, the size of the company has an im-

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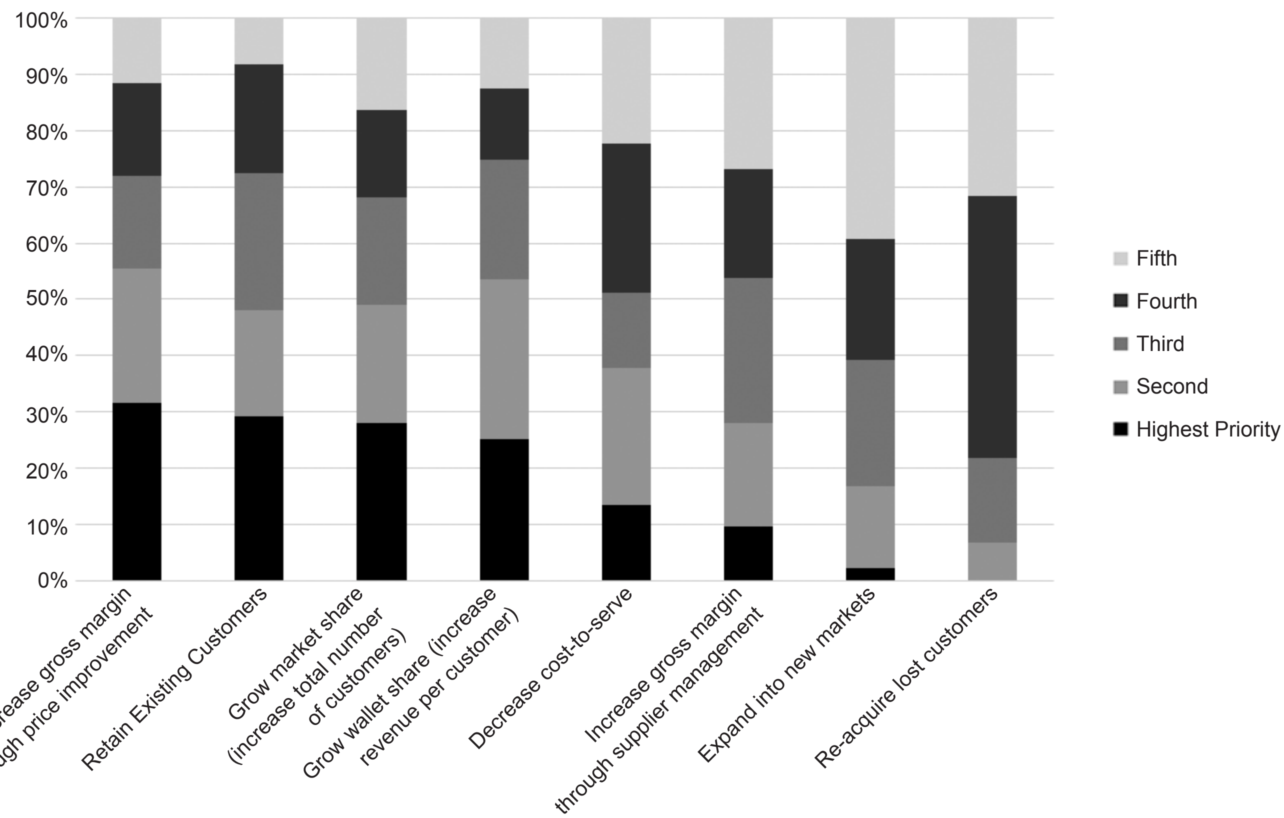
Figure 1: Distributor Marketing Objectives



Source: 2014 MDM-Real Results Marketing Survey

Figure 2: Frequency of Use for Marketing Vehicles

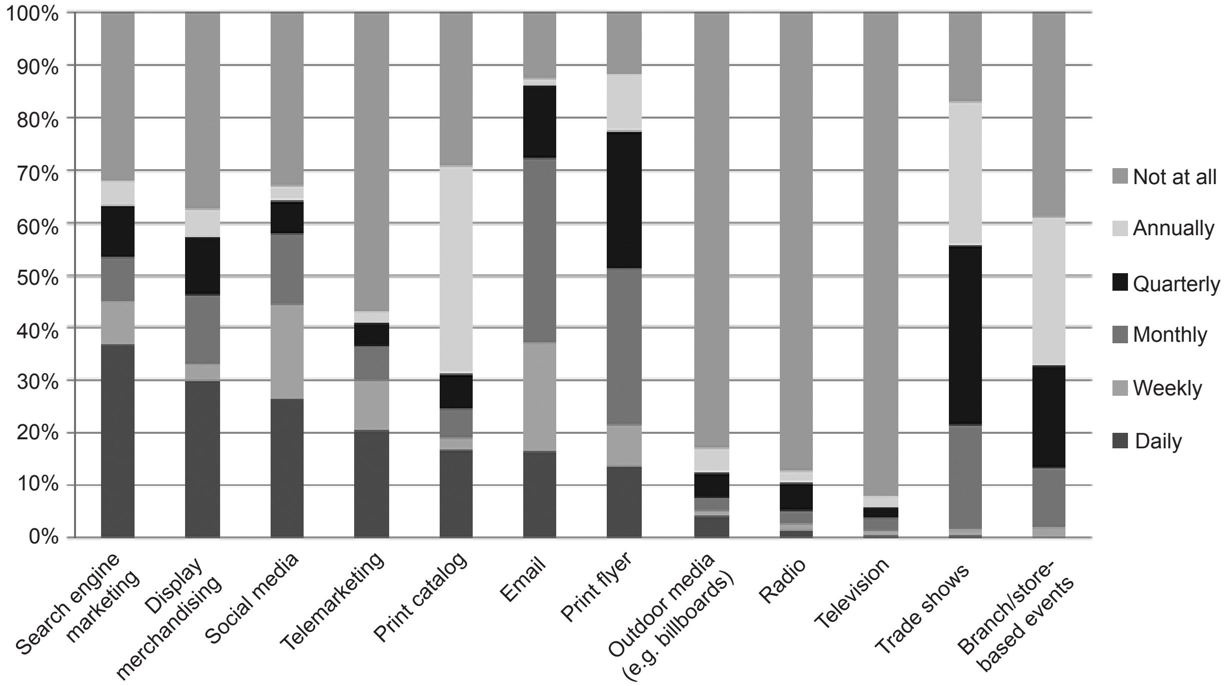
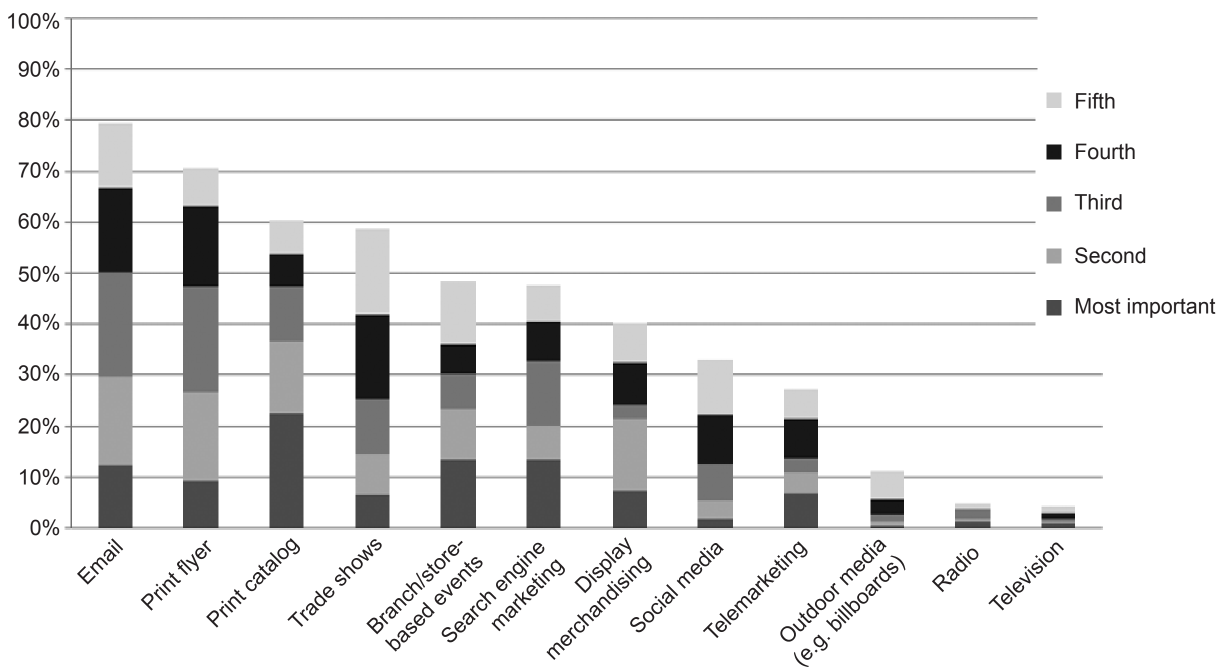


Figure 3: Importance of Marketing Vehicles



pact on how developed some of these strategies are. Some of the key trends identified include:

Digital

- Email – More than half of respondents do email marketing one to two times per month; 16 percent do it daily. Overall, email marketing is the most heavily used marketing vehicle and considered the most important marketing vehicle. It was the sixth most important marketing vehicle in the 2011 survey.
- Search engine marketing – Search engine marketing and display marketing have switched places regarding frequency of usage from the last survey to this one. More than 35 percent use SEM daily; 17 percent use SEM weekly or monthly. A third of the respondents do not use SEM at all, most

likely because they have a limited Web presence or no e-commerce. The portion of respondents who use SEM at least monthly grew from 45 percent in the prior survey to 53 percent.

- Social media – The percentage of companies that update social media at least monthly grew from about 30 percent to just less than 60 percent. Midsize companies use social media the most frequently.

In-store

- Display merchandising – The portion of respondents who perform display merchandising at least monthly shrank from 60 percent in 2011 to 45 percent. While companies still use display merchandising, it was third most important in the prior survey and seventh most important in the current survey.
- Branch- and stored-based events – Though used infrequently, branch- and store-based events rate moderately high in importance to respondents from this survey.

Print/Telemarketing

- Catalog – The portion of companies that publish a catalog at least annually increased from 58 percent to 70 percent. More respondents chose catalog as the most important vehicle in the current survey than any other marketing vehicle.
- Print flyer – Almost 90 percent of the respondents publish a print flyer, with 30 percent producing it monthly or weekly and 20 percent producing it quarterly. In the prior survey, the print flyer was considered the most important vehicle; it is now second most important.
- Telemarketing – Companies that performed telemarketing at least weekly remained around 30 percent.

The importance of sales and marketing channels has also shifted in the current survey. The emphasis on outside sales is partly correlated to a large percentage of respondents who are small distributors or manufacturers. (See Figure 4.) Often, outside sales is the only channel for these small companies.

The importance of inbound and outbound telephone sales shifted from the prior survey. Inbound is very important to 55 percent of respondents versus 65 percent in the prior survey. The importance of outbound sales remained the same from the prior survey to this one. However, the previous survey showed a strong correlation between size and importance for outbound telephone sales and Web sales. Overall, Web sales rated important or very important for 50 percent of respondents versus 40 percent in the previous survey.

Figure 4: Importance of Sales Channels

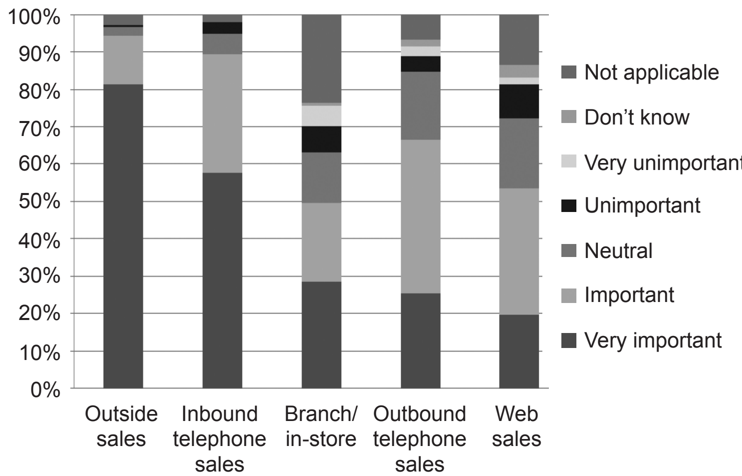
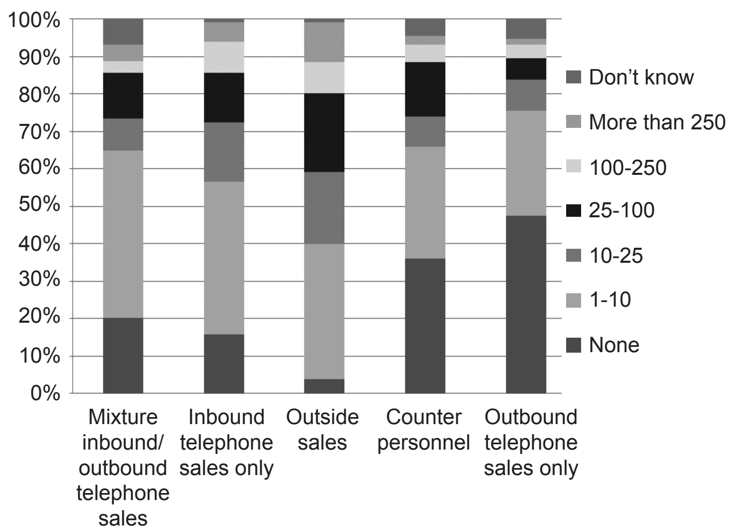


Figure 5: Number of Employees in Sales Roles



Marketing Organization

Marketing as a distinct job is still lacking in many distribution companies, particularly when the role is focused on something other than communications, product management or pricing. (See Figure 5.) While the number of people by job function is clearly correlated with company size, there are a few notable points:

Product management is the most heavily staffed job function followed by pricing. These functions may be in marketing or in another department.

For many companies with less than $50 million in annual revenue, the only marketing job function is marketing communications. The marketing department in smaller and even midsize companies is frequently in the sales department.

Marketing research is the least heavily staffed job function, followed by market segment management. Few companies with less than $250 million in annual revenue have dedicated marketing research personnel or segment managers. In midsize and smaller companies, market segment management is combined with product management. However, when the role is combined, there is usually much more emphasis on product management.

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Disasters Can – and Will – Happen

Emergency planning starts with accepting the reality of potential disasters

Disasters touch every sector of the industrial distribution industry every year, costing millions, destroying businesses and affecting the supply chain. Incorporating an emergency preparedness plan can greatly influence the outcome of a disaster, as can the methods undertaken to recover from one.

By April Nowicki

Fires, floods, earthquakes, hurricanes – the disasters that affect the distribution industry range in cause, type and cleanup. Two things that company executives seem to agree on is that they never saw it coming and it could have been worse. But according to Lucien Canton, a certified emergency manager and author of *Emergency Management: Concepts and Strategies for Effective Programs*, that shouldn't be true.

"People say, 'Oh, I never saw that coming,' and what I tell people is that 'You should have,'" Canton says. "Really, you should have. There's very little that occurs that hasn't before. And there's very little that occurs that there isn't some way of anticipating it."

Business owners can't anticipate exactly what will happen, he says, but if they live in a flood plain, chances are they will get flooded. If they live in earthquake country, they're going to experience an earthquake. It may not happen this year or next, but the odds are that it will eventually happen.

Fires are one of the most common disaster problems that business owners have to deal with, Canton says. In 2012, fires caused nearly $3 billion worth of damage to non-residential structures in the U.S., according to the National Fire Protection Association.

BellSimons, a refrigeration and plumbing product distributor based in New England, almost saw its $1.4 million Palmer, MA, warehouse go up in flames on August 25.

"We weren't prepared, I'll tell you that," says Richard Nelson, a BellSimons regional manager. "We didn't have a disaster plan in place. We're dealing with it, and it really wasn't as bad as it could have been."

The fire was caused by an arsonist, according to Nelson, who says the Palmer police and the Massachusetts fire marshal were investigating the crime.

The 86,000 square-foot warehouse was equipped with a security system and the crucial component for fire disaster prevention: a sprinkler system.

"We have security and an alarm that goes right to the Palmer fire department and a sprinkler system," Nelson says. "And actually, the sprinkler system did its job and knocked the fire down very quickly."

For BellSimons, the damage was small. The fire was confined, and the warehouse structure remained intact, although it needed repairs and cleaning for smoke damage. Some product was damaged by fire and some by the sprinklers, but due to the company branch structure, there was no delay in order processing.

"In the two days right after fire, we were able to divert a lot of shipments to other branches," Nelson says. "As far as product near the fire, we're just being cautious that we don't have anything go out that could have been affected by the fire. It's taken some extra effort on the part of making sure that only the quality product gets out."

Nelson says that the company is planning to discuss the events and address how to handle fires and other types of disasters in the future.

One effective way to approach a disaster prevention and recovery plan is to look at how minor problems are solved on a day-to-day basis, Canton says.

"Emergency preparedness really has to be just part of how you do business," he says. "If something goes wrong with your business that day, how do you handle that? Why wouldn't that work in a major disaster – or why would it work?"

The most valuable resource many business owners have already is their employee base, Canton says, and an easy first step is to involve those people in planning and in recovery efforts as a formal or informal crisis management team.

"Ask the question, 'When I have a problem, who do I talk to?" he says. "Who's my brain trust? Who are the crazy people I'd bring in to help me solve problems? If you look at those people as your crisis management team, then those same people, in the time of a disaster, are the people you're going to rely on."

Employees can contribute to recovery ideas and help with implementing processes, Canton says. They can help categorize the main pieces of the business that need to be protected and creatively generate ways to work around problem areas.

"Employees have to be part of the whole process," Canton says. "Not necessarily every rank and file, but certainly listen to their ideas. People who work the lines are the ones who know the workarounds."

One example Canton recalled was from the 70s or 80s, when White Star Linen, a laundry service, was looking at doing business with no water due to a flood that had shut down all the local pumping facilities. White Star had an employee who knew how to drive a tractor trailer, who was able to obtain a tanker truck. Another employee had access to a farm with a well on it, which they were able to pump water from, into the tanker truck. White Star never missed a day of delivery, Canton said.

But not all disasters allow for operations to get up and running right away, as in the cases of White Star and BellSimons.

In 2011, a Niagara Lubricants manufacturing plant in Buffalo, NY, burned to the ground, costing the company $8 million.

Vice President Leon Smith IV got a standard phone call from his warehouse alarm system company at 5:30 a.m., alerting him that there was a problem.

"I called my one employee who opened up for us every day," Smith says. "He said, very quickly, 'Leon, there's a fire, I have to go.' And hung up. And that is when my heart sank into my stomach."

Flames spread from the first floor to the second, to the third, and on and on until the building was gone.

"We thought that building that we were in was bomb-proof," Smith says. "It had four-by-four reinforced steel concrete pillars that went 24 feet into bedrock. It was a really, really solid building."

Out of everything that happened that morning and in the days that followed, Smith says there was no one thing that was the most unexpected or the most difficult to deal with.

"It was just a constant uphill battle," he says.

But there was one piece of advice that he heard and took: Don't watch the fire burn.

"That was probably one of the biggest and most valuable pieces of advice that we were given," he says. "Stop watching your plant burn, you can't do anything. You're not creating any value for yourself or your business at that point."

Instead, Smith says he and two other executives started planning. His father, chairman of Niagara Lubricants, and Tom McLeod, president, went to the company's attorney's office to map out a strategy. Smith started making phone calls to customers, vendors and competitors, spreading the word and asking for help.

"The theory was, there's a lot more sympathy when your building's burning down than two weeks from that date," Smith says. "So time was really of the essence to ask for help and support from everyone."

The goal was to make sure customers were still receiving the products they needed.

"If the customer goes somewhere else, if they get another product, it's very hard to make that switch back to you," Smith says.

As a result of the fire, Niagara Lubricants lost 40 percent of its customer base along with everything that was stored in the manufacturing plant.

One thing that the company did not lose, Smith says, was its data.

"We learned an extremely valuable lesson of offsite backup," he says. "I hate to admit it, but before that event I was completely against having our files, our precious files, our precious customer information, formulations, just hanging out in a cloud somewhere. It just scared me. I liked it physically on site. I could not have been more mistaken at how much that can maximize your exposure to liability."

Now, Niagara backs up its data offsite in addition to keeping backups on disk, which are put into a fire-proof safe daily. The company has invested in a new fire suppression system and created a committee for health and workplace safety.

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And, its sales are still strong.

"Our sales are actually above pre-fire right now," Smith says. "We've been able to come back and then some. We've been able to expand our product line."

With other types of disasters, such as hurricanes, some of the fallout can be anticipated and arrangements can be made to mitigate both damage to property and effects on customers. Canton says that thinking creatively and looking for opportunities in unusual places can sometimes make or break a company.

"When you have something like a hurricane, you know it's coming," he says. "That's a great time to pull your team together and say, 'What can we look at? Is there anything we can do in advance to make things easier for customers?' Those are the things that customers remember. 'You anticipated this and you took care of me, and I didn't have any problems because of that.'"

Hurricanes, earthquakes and many other types of disasters affect whole communities, and that's something that business owners should pay close attention to, Canton says.

"Large disasters bring demographic shifts," he says. "The classic study is in the Northridge [California] area. After the big earthquake [in 1994], a lot of the people who lived there, they said, 'We've had enough!" They moved out of the area, which created a little housing vacuum."

The neighborhood changed, bringing people who wanted different things from local businesses. Demographics, demand and the labor market all shifted due to one earthquake.

"In Napa right now, we're already talking about an increase in construction jobs to respond to the earthquake," Canton says. "The thing about recovery is it's very, very complex. You just need to be aware of what's going on around you and what the impacts are on things like your labor force and your customer base."

3 Steps to Initiate an Emergency Preparedness Plan

Lucien Canton, a certified emergency manager and author of *Emergency Management: Concepts and Strategies for Effective Programs*, offers these tips for taking the first steps toward implementing an emergency preparedness plan.

1. **Make it a recurring topic.** Add emergency planning discussions to weekly or monthly staff meeting agendas. Ask employees to think of "What if?" scenarios and then discuss potential follow-up actions. Even informal discussions will help keep this topic current and give the company direction if a disaster strikes.
2. **Identify a crisis management team.** Choose creative, energetic employees who need and want challenges to categorize potential scenarios and outcomes, and pair them with actions to maximize the opportunities to continue business in the event of a disaster and to communicate with customers.
3. **Perform a threat assessment.** Determine what disaster threats exist. Consider location, material risks, exposure and historical data. A small amount of preparation could save money, time and lives if a disaster occurs.

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Industrial & Construction Markets Update

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Construction Drives M&A Activity in August

The unpredictable nature of today's market for mergers and acquisitions was highlighted again recently when the sale of Epicor was suspended by Apax Partners. Apax reportedly put Epicor up for sale in May, but didn't receive enough enticing bids to warrant going through with the sale, according to *The Wall Street Journal*.

But buyers are still finding and making deals, as shown in August's list of distribution and manufacturing company mergers and acquisitions. Construction markets saw many of these deals in the distribution realm, including the ParexGroup sale to CVC Capital Partners and Kodiak Building Partners' acquisition of AO Inc.

Builders FirstSource made two acquisitions in August, first of West Orange Lumber and then of Truss Rite, both manufacturers of wood roof and floor trusses with combined sales of nearly $25 million in 2013.

US LBM Holdings expanded their product line with an acquisition of Feldman Lumber, a provider of wallboard, steel stud, insulation, wood products and specialty building supplies.

Distribution International acquired The State/Allstate Companies, stocking distributors of mechanical insulation and HVAC products, increasing DI's presence in markets in New York, New Jersey and Pennsylvania.

One deal worth $420 million went through last month when Anixter International agreed to acquire Tri-Ed, a distributor of security and low-voltage technology products from Audax Group. The acquisition strengthens Anixter's product lines and will push the company's profits in construction markets. Tri-Ed had sales of about $570 million the fiscal year ended June 30.

-April Nowicki

Distributor News

United Stationers Inc., Deerfield, IL, has appointed Paul Barrett as chief operating officer industrial, effective immediately.

The Fastenal Company, Winona, MN, reported sales for August of $326.9 million, a 9.8 percent increase over the same period a year ago.

Airgas Inc., Radnor, PA, has opened a new location in Dickinson, ND, enhancing its local product and service capabilities for customers in the Bakken shale oil region.

Crescent Electric Supply Co., East Dubuque, IL, has plans to open a new facility in Minneapolis and relocate its St. Paul facility. Crescent's DataComm business currently located in Golden Valley, MN, will be integrated into the new Minneapolis facility.

Beacon Roofing Supply Inc., Herndon, VA, has acquired **All Weather Products Ltd**., a distributor of primarily residential roofing systems and related accessories with three branches in Vancouver, Canada.

Bunzl plc acquired four companies in June and July: **365 Healthcare Limited**, **Premiere Products**, **Lee Brothers Bilston Limited** and **Guardsman Limited**.

Bunzl reported sales for the first half of £2.94 million (US$4.87 million), a 1 percent decrease over the same period a year ago. Organic sales increased 2 percent. Profit increased 5.4 percent to £176.6 million (US$292.6 million).

Brady Industries LLC, Las Vegas, NV, has acquired the St. George, UT, operations of **Staheli Distributing**, the janitorial supply division of Staheli Enterprises.

Tech Air, a Danbury, CT-based distributor of industrial, medical and specialty gases and welding supplies, has acquired **US Oxygen & Supply,** Arlington, TX, and **Specialty Air Technologies,** Long Beach, CA.

New York-based private equity firm **Oak Hill Capital Partners** has agreed to acquire **Berlin Packaging LLC**, Chicago, IL, a supplier of rigid packaging products and services in North America, from Bahrain-based **Investcorp**.

Kimball Midwest, Columbus, OH, is expanding their corporate headquarters and distribution center in Columbus and expects to add an additional 50 jobs to the Columbus area, starting in 2015.

Floor covering distributor **Haines**, Glen Burnie, MD, has opened a new supplies center in Orlando, FL. The Wheeler Supplies Center is Haines' first supplies center location in Florida.

HD Supply Waterworks has relocated its corporate headquarters and training facility in St. Louis, MO.

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News Digest

Continued from p. 1 of this section

Applied Industrial Technologies, Cleveland, OH, has developed a new mobile app for its digital catalog with nearly 29,000 industrial and maintenance products from more than 150 manufacturers.

The Home Depot, Atlanta, GA, has named its current U.S. retail president, Craig Menear, as CEO and president, effective November.

Economic News

The manufacturing sector expanded in August, according to supply executives in the latest **Manufacturing ISM Report on Business**. The August PMI was 59 percent, 1.8 percentage points above July's reading of 57.1 percent, the fifteenth straight month of expansion.

The **Conference Board Leading Economic Index** for the U.S. increased 0.9 percent in July to 103.3, following a 0.6 percent increase in June and a 0.6 percent increase in May. The Conference Board **Coincident Economic Index,** and the Conference Board **Lagging Economic Index** increased 0.2 percent.

Real gross domestic product for the U.S. increased at an annual rate of 4.2 percent in the second quarter, according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 2.1 percent.

Construction employment expanded in 223 metro areas, declined in 72 and was stagnant in 44 between July 2013 and July 2014, according to an analysis of federal employment data released by the Associated General Contractors of America.

Construction industry employment reached a five-year high in August as the sector added 20,000 jobs and its unemployment rate fell to 7.7 percent, the lowest rate for August in seven years, according to the **Associated General Contractors of America**.

July 2014 **construction spending** was estimated at a seasonally adjusted annual rate of $981.3 billion, 1.8 percent above the revised June estimate of $963.7 billion. The July figure is 8.2 percent above the July 2013 estimate of $906.6 billion.

Reports from the 12 **Federal Reserve Districts** indicated that economic activity has expanded since the previous report; however, none of the Districts pointed to a distinct shift in the overall pace of growth. District reports on manufacturing were mixed, divided almost evenly between expanding, contracting or unchanged.

New orders for **manufactured goods**, up five of the last six months, increased 10.5 percent in July to $558.3 billion, according to the **U.S. Census Bureau**, following a 1.5 percent June increase. Excluding transportation, new orders decreased 0.8 percent.

New orders for **manufactured durable goods** in July, up five of the last six months, increased 22.6 percent to $300.2 billion, following a 2.7 percent June increase. Transportation equipment, also up five of the last six months, drove the increase of 74.1 percent to $133 billion.

Led by improvements in production-related indicators, the **Chicago Fed National Activity Index** rose to 0.39 in July from 0.21 in June. Three of the four broad categories of indicators that make up the index made positive contributions to the index in July, and two of the four categories increased from June. The index's three-month moving average, CFNAI-MA3, increased to 0.25 in July from 0.16 in June.

The **Canadian industrial product price index** declined 0.3 percent in July, mainly because of lower prices for energy and petroleum products. The **raw materials price index** declined 1.4 percent, largely as a result of lower prices for crude energy products.

The **Canadian wholesale services price index** rose 0.7 percent in the first quarter. Among the eight major wholesale sectors, margins were up in five and down in three.

Compared with June 2014, **industrial producer prices** in July fell by 0.1 percent in the euro area and by 0.2 percent in the EU28, according to estimates from Eurostat, the statistical office of the **European Union**. Compared with July 2013, industrial producer prices decreased by 1.1 percent in the euro area and by 1.3 percent in the EU28.

The **Power Transmission Distributors Association Business Index** reading for the second quarter was 68.7, up from the 1Q2014 reading of 63.6. Survey participants' expectations for the

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entire year remained the same from the previous quarter at 6 percent growth.

Manufacturer News

LPS, **ITW Professional Brands** (formerly ITW Dymon) and **Atlantic Mills** have combined product portfolios and will now operate as **ITW Pro Brands**, headquartered in Olathe, KS.

WD-40 Company, San Diego, CA, acquired **GT85 Limited**, a company located in the U.K. that markets and sells the GT85 and SG85 brands of multi-purpose maintenance products.

Saint-Gobain and **Central Glass Co. Ltd**. agreed to create a joint venture in Indonesia that will specialize in automotive glass. Each group will have a 50-percent stake in the new company.

H.B. Fuller Company, St. Paul, MN, has acquired **ProSpec Construction Products,** Charlotte, NC.

Atlas Copco, Nacka, Sweden, has acquired a compressor distribution and service business from the **Lancaster Group** in New Zealand. The acquired businesses are those of **Ash Air Ltd**., **Fox Air NZ Ltd**., **MBAR 2011 Ltd**. and **Ash Air Oil & Gas Ltd**.

Sonoco, Hartsville, SC, has agreed to acquire **Weidenhammer Packaging Group**, a European provider of composite cans, drums and rigid plastic containers, for EU€286 million (US$383 million).

Danaher Corp., Washington, DC, has named Thomas Joyce Jr. as president and CEO. Joyce's predecessor, H. Lawrence Culp Jr., will transition to a senior advisory role.

U.S. Employment Growth Slows in August, Indicators Still Positive

Total nonfarm payroll employment increased by 142,000 in August, and the unemployment rate was little changed at 6.1 percent, the U.S. Bureau of Labor Statistics reported. Manufacturing employment was unchanged in August, following an increase of 28,000 in July.

Motor vehicles and parts lost 5,000 jobs in August, after adding 13,000 jobs in July. Auto manufacturers laid off fewer workers than usual for factory retooling in July, and fewer workers than usual were recalled in August. Elsewhere in manufacturing, there were job gains in August in computer and peripheral equipment (+3,000) and in nonmetallic mineral products (+3,000), and job losses in electronic instruments (-2,000).

Employment in mining and logging, wholesale trade, transportation and warehousing, information, financial activities and government also showed little change over the month.

Construction employment continued to trend up in August (+20,000). This is in line with its average monthly job gain of 18,000 over the prior 12 months. In August, employment trended up in specialty trade contractors (+12,000) and construction of buildings (+7,000).

The downward move is most likely a one off, according to The Conference Board. Some leading indicators, such as part-time employment for economic reasons, dropped. Also, unemployment continued its downward path, closing in on the 5.5 percent natural unemployment rate the business insight group has forecast for 2015. "If that is the case," the company says in a press release, "it could still mean tightening of the labor market, leading to upward pressure on wages later in 2015."

Average hourly earnings for all employees on private nonfarm payrolls rose by 6 cents in August to $24.53. Over the year, average hourly earnings have risen by 2.1 percent. In August, average hourly earnings of private-sector production and nonsupervisory employees rose by 6 cents to $20.68.

Over the year, the unemployment rate and the number of unemployed persons were down by 1.1 percentage points and 1.7 million, respectively.

The number of long-term unemployed (those jobless for 27 weeks or more) declined by 192,000 to 3 million in August. These individuals accounted for 31.2 percent of the unemployed. Over the past 12 months, the number of long-term unemployed has declined by 1.3 million.

MAPI Quarterly Forecast: Steady Growth but Surge Unlikely

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The outlook for the U.S. economy is for steady growth, but there is little expectation for a significant upward trajectory, according to the Manufacturers Alliance for Productivity and Innovation Quarterly Economic Forecast

The MAPI Foundation, the research affiliate of MAPI, released its quarterly economic forecast, predicting that inflation-adjusted gross domestic product will expand 2.2 percent in 2014 and 3 percent in 2015. The former is a decrease from 2.5 percent and the latter a decline from 3.2 percent in the previous report. GDP is forecast to grow by 3.3 percent in 2016.

Manufacturing production is expected to outpace GDP, with anticipated growth of 3.4 percent in 2014, an increase from 3.2 percent in the previous forecast and 4 percent in 2015, no change from the prior report. Manufacturing production is anticipated to rise by 3.6 percent in 2016.

"The economy is somewhat constrained by credit availability and risk aversion," said MAPI Foundation Chief Economist Daniel Meckstroth. "Consumers are driving growth but can't go much faster. Business investment is the one area that can accelerate, yet firms have been reluctant to spend. There is a lot of uncertainty in the marketplace, and we seem to be inundated by negative news, such as about the EU flattening out, a worsening U.S. trade deficit and whispers that the Fed is at least thinking about raising rates."

Production in non-high-tech manufacturing industries is expected to increase 3.2 percent in 2014, 3.8 percent in 2015 and 3.2 percent in 2016. High-tech manufacturing production, which accounts for approximately 5 percent of all manufacturing, is anticipated to grow 4.7 percent in 2014, 8.5 percent in 2015 and 10.4 percent in 2016.

The forecast for inflation-adjusted investment in equipment is for growth of 5.7 percent in 2014, 8.3 percent in 2015 and 7.2 percent in 2016. Capital equipment spending in high-tech sectors will also rise. Inflation-adjusted expenditures for information processing equipment are anticipated to increase 4 percent in 2014 and by double digits in each of the next two years—11.9 percent in 2015 and 10.2 percent in 2016.

MAPI expects industrial equipment expenditures to advance 11 percent in 2014, 8.6 percent in 2015 and 5.7 percent in 2016. The outlook for spending on transportation equipment is for growth of 7.4 percent in 2014 before declining to 1.5 percent in 2014 and 0.6 percent in 2016. Spending on nonresidential structures is anticipated to improve by 6.4 percent in 2014, 1.8 percent in 2015 and 7.2 percent in 2016. Residential fixed investment is forecast to increase 3.6 percent this year before climbing to 15.7 percent growth in 2015 and 14.9 percent in 2016.

"We anticipate 1.3 million housing starts in 2015 and more than 1.5 million starts in 2016," Meckstroth said. "U.S. manufacturing production is 95 percent recovered from its September 2007 prerecession peak and will be fully recovered by the end of this year."

Inflation-adjusted exports are anticipated to increase 2.7 percent in 2014, 5.1 percent in 2015 and 4.3 percent in 2016. Imports are expected to grow 3.6 percent in 2014, 5.7 percent in 2015 and 6.2 percent in 2016. MAPI forecasts overall unemployment to average 6.3 percent in 2014 before dropping to 5.7 percent in 2015 and 5.4 percent in 2016.

The outlook is for an increase of 184,000 manufacturing jobs in 2014, an upswing from the anticipated 158,000 jobs in the May forecast, and 315,000 additional jobs in 2015, an increase from 212,000 jobs in the previous report. Meckstroth envisions 86,000 manufacturing jobs to be added in 2016.

The refiners' acquisition cost per barrel of imported crude oil is expected to average $95.60 in 2014, $93.20 in 2015 and $96.90 in 2016.

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