

CMOs in Flux

How B-to-B Marketing Leaders Are Coping with Challenging Economic Conditions, and What Changes to Marketing Strategies, Mixes, Budgets and Tactics They Expect in 2010.

Results of a September 2009 Survey of 39 B-to-B Marketing Leaders in the U.S. Market.

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Introduction

This has been an extraordinarily challenging year for corporations across the globe, and their marketing leaders have had their hands full adjusting their marketing priorities, strategies, tactical mixes and budgets to better support their organizations in this time of flux.

Starting August 20, 2009, [Slack Barshinger & Partners, Inc.](#), invited 109 chief marketing officers and VPs of marketing of 105 middle-market and large-enterprise firms headquartered primarily in the U.S. to participate in an online survey of how they have adjusted their marketing operations to the new economic climate and what specific changes they've made and may be planning to make in 2010.

At the end of the business day on September 4, when the online survey was closed down, we had received 39 completed responses, for an overall response rate of 35.8%.

Participants

Company Size

Large enterprise	25
Middle market	14

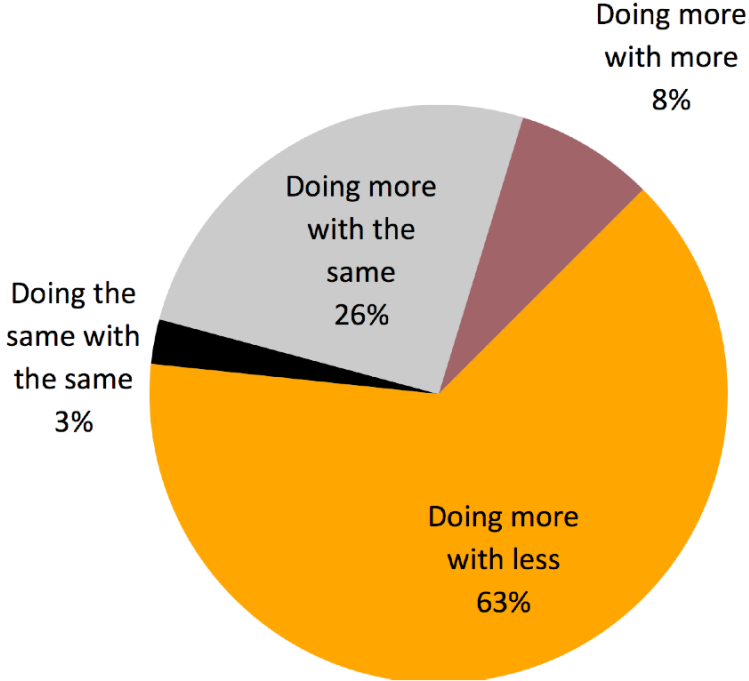
Vertical Industry Segments

Industrial	5
Professional services	4
Software	4
Distribution	3
Financial services	3
Food ingredients	3
Risk management	3
Heavy equipment	2
Packaging	2
Light equipment	1
Computer	1
Healthcare	1
Information services	1
Logistics	1
Media	1
Packaged goods	1
Not identified	3

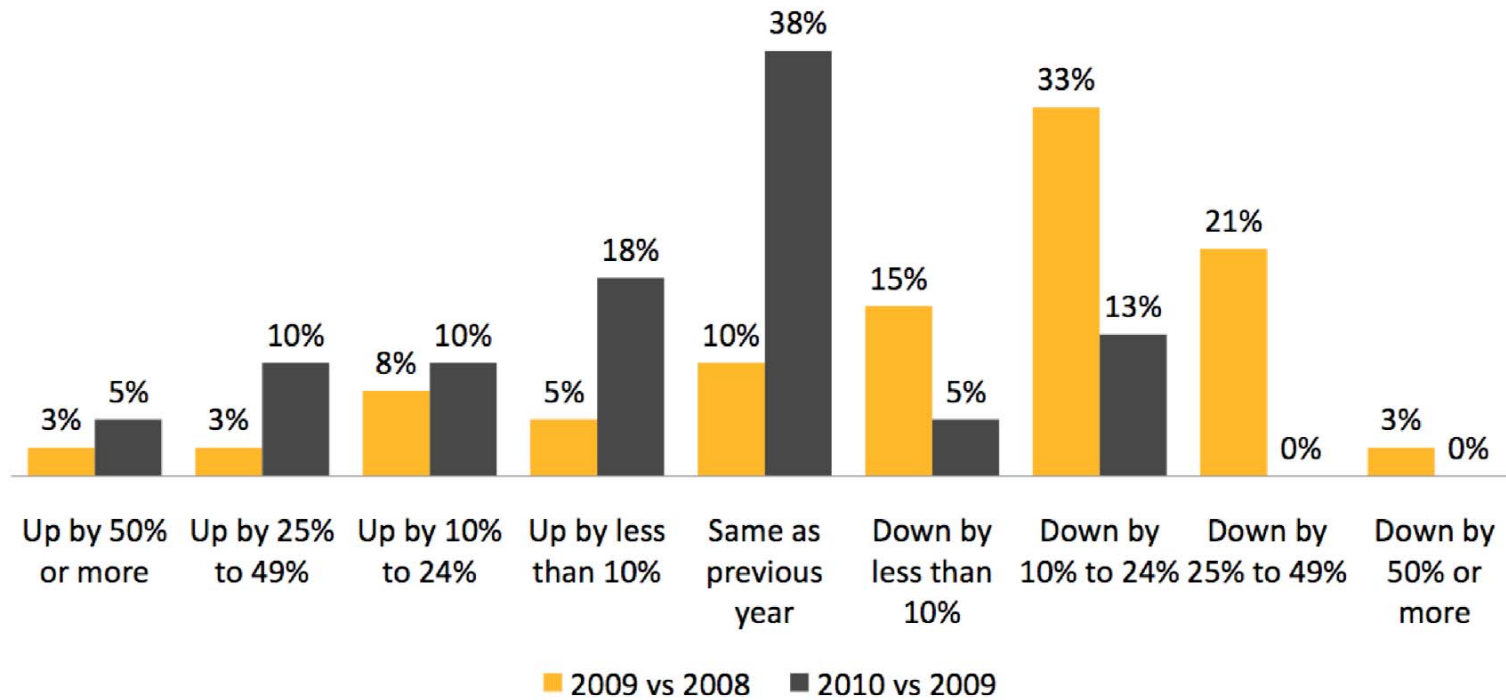
Titles

Chief marketing officer	16
EVP or VP of marketing	19
Equivalent titles	4

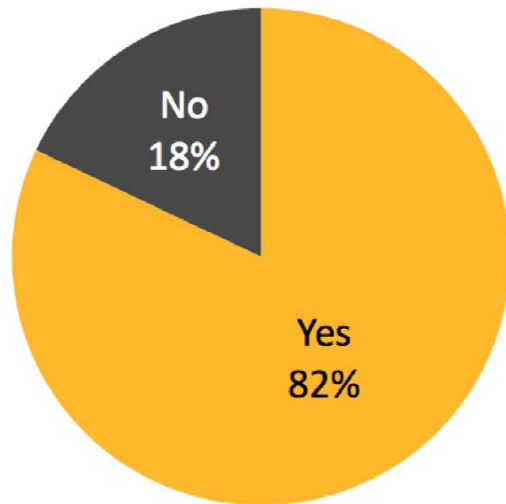
1. In the current economic climate, which of these statements best describes your marketing department?



2. How does your 2009 marketing budget compare to 2008, and how do you think your 2010 marketing budget will compare to 2009?



3. Have you made major changes to your marketing strategy or tactics in the past year to deal with the new economic reality?



4. If you have made major changes, please explain.

Event optimization, e.g., virtual events. Improved agency productivity by 20+%. Changed telemarketing strategy and invested more in Live Chat. Increased overall digital tactics by 15+%.

Drastic reduction in trade show expenses (not actual shows), print ad purchases (actual ads) and travel. Increased emphasis on social media, lead-gen activities, technical content output to attract customer contacts.

Creating efficiencies in order to do more direct marketing.

With new private equity investors in the company, we have invested for the first time in the marketing function. This is changing the way that we position the business and the way we go to market. We plan to continue to invest, especially in marketing communications, opportunity generation and sales enablement.

More electronic marketing. More webinar/streaming video programs. Built out social media strategy and execution. Reduced live event participation. Rifle shot (almost 1-to-1) tactics in specific verticals and targeted accounts.

Much more scenario-based planning. Much keener focus on digital and networking and the need to embrace them.

Focus on thought leadership and value marketing. Eliminated many events due to low attend[ance].

More online and e-mail marketing.

Formed a global marketing team. Centralized certain functions and initiated new activities, e.g., digital, global communication, branding.

Reduced R&D for new products. Reduced macro budget. Slowed growth initiatives.

Investigating more online web communications, and less print ads.

Shift from mass media to demand generation vehicles and activities.

Significantly reduced presence across all audiences and vehicles.

Reduced or eliminated trade shows, print advertising. Consolidated print and fulfillment for spend optimization. Invested in expanding the use of the web and other digital marketing technologies.

Continued the shift to electronic demand gen and social media strategies and programs.

While our overall strategies haven't changed, we have taken a much stronger focus on specific client directed and targeted communications, as well as increased investment in thought leadership programming.

Moved to tactical activity and drastically improved sales support activities vs. strategic activity.

More focused spending. Picking winning, brand building campaigns versus multiple smaller campaigns.

Much more coordinated effort for global consistency to avoid redundancy in marketing materials across platform. Greater push for a more accurate ROI on all marketing activities. Undertaken, surprisingly, more face-to-face events and less print advertising.

Shorter-term projects. Shopped for good deals in a bargain economy.

Greater ecosystem collaboration.

Reduced staff. Rationalized promotional campaigns—focused on upper quartile producers.

More online work. Less in person. This has impacted events and training.

We have shifted programs and themes to be more topical and more connected and sensitive to the reality of our customers.

Centralization of marketing globally to be more efficient and push corporate strategy in one voice. Moving much harder towards the disciplines of enterprise marketing management. Reducing marketing suppliers globally. Significantly more clarity on calls to action and measurable ROI for all marcom activities.

Massive focus on only efforts that deliver hard sales—catalog, PPC, etc. Reduced branding and any effort not driving measurable sales.

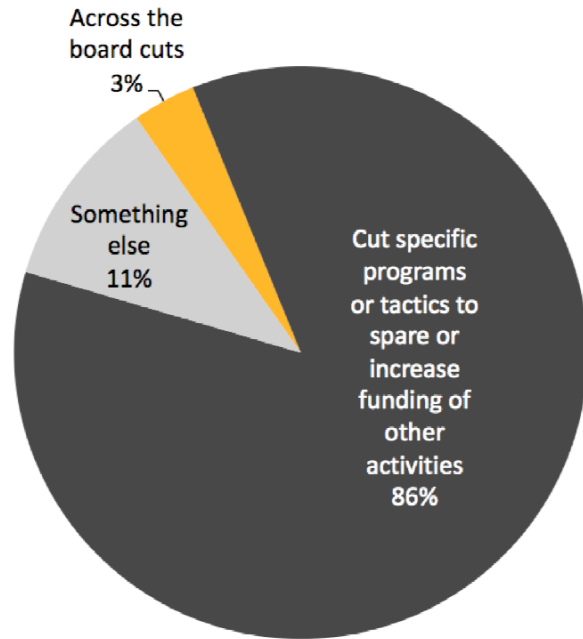
Broader-based brand initiatives have been cut. We are focusing more on product-based marketing and stricter targeting.

Organizational changes, program cancellations.

More for less, i.e. use of social media. Also focus on activities that are thriving in these kinds of times (programs with Dollar stores, instead of Whole Foods).

More online-based activities. Eliminated direct mail and select live events.

5. Which statement best describes the cutbacks you've made?



6. Which marketing tactic was the most difficult to cut?

Mass media (radio).

Large-scale events that had been part of [our] marketing program for many years.

Advertising.

Advertising.

Traditional advertising. As it turns out, it doesn't seem to be a real problem. So far I have received NO complaints from product managers or regional sales. Their satisfaction is due to the increased leads we are generating due to social media efforts.

Many examples, but the most difficult was just completely cutting a touch point in a campaign.

Live events, especially that are installed base customer focused. We delayed our annual user conference to 2010.

Long-term innovation and growth.

Internally, events. Externally, advertising.

R&D for new products.

Consumer insight research.

Analytics.

Advertising – we lost momentum.

Print advertising and expensive onsite events that we "needed to attend" but drove no tangible business.

We are a professional services organization where client relationships are critical to our business, so the programs that supported direct client interactions were the most difficult to pull back on.

Head count.

Company magazine.

Was, and still is the issue of local versus global.

Catalog mailings went dark in Q2.

New market development that would support future increased revenue, Focus is on support of near term sales. Limited \$\$ exist for market development work.

Strategic marketing and business development processes.

Print collateral.

7. Have you made any cuts that, in retrospect, did not cost you any gains and that you'll likely leave out moving forward?

Trade shows.

Printed surveys, other printed collateral.

Print ads and traditional print media promotional efforts.

Several trade shows were cut and we did not see the pain we thought we might.

We were over weight in areas that did not merit the resources. This was a limited occurrence. We also centralized more tasks.

Repurposing of circulation work.

Expensive onsite events that we were obliged to attend in the past but were difficult to measure ROI [for].

Some of our general awareness advertising campaigns.

Mostly head count. Also some interactive marketing activities.

Specific sales support activity.

8. What single marketing tactic is working hardest for you and/or generating the most ROI at this time?

Paid search.

Events—both physical and virtual.

Direct mail/email.

Social media for lead generation.

Lead generation.

Sales force training and enablement.

Webinars, white paper postings/promotions.

Pricing and revenue enhancement.

Webinars coupled with eBooks.

Trade shows.

Public relations [but] only because our other activities are limited.

Maintaining pricing discipline.

Search engine marketing.

Search engine marketing.

Direct mail using external database of addresses.

Paid search.

Public relations.

Company web site.

We have had incredible success with our own integrated direct marketing and e-publishing demand generation initiatives.

Thought leadership outreach—particularly with client involvement in videocasts, seminars, etc.

Sales promotions.

Media interviews.

[Still] trade shows, although our approach internally is getting stale.

Events.

Ecosystem collaboration.

Customer loyalty campaigns.

Web site conversion from downloads to preview our products.

Field marketing, marketing with [direct] and through our sales partners.

Measurable calls to action, [which are] mostly effective in email, newsletters and web banners.

PPC, data feeds, email, catalog, social marketing.

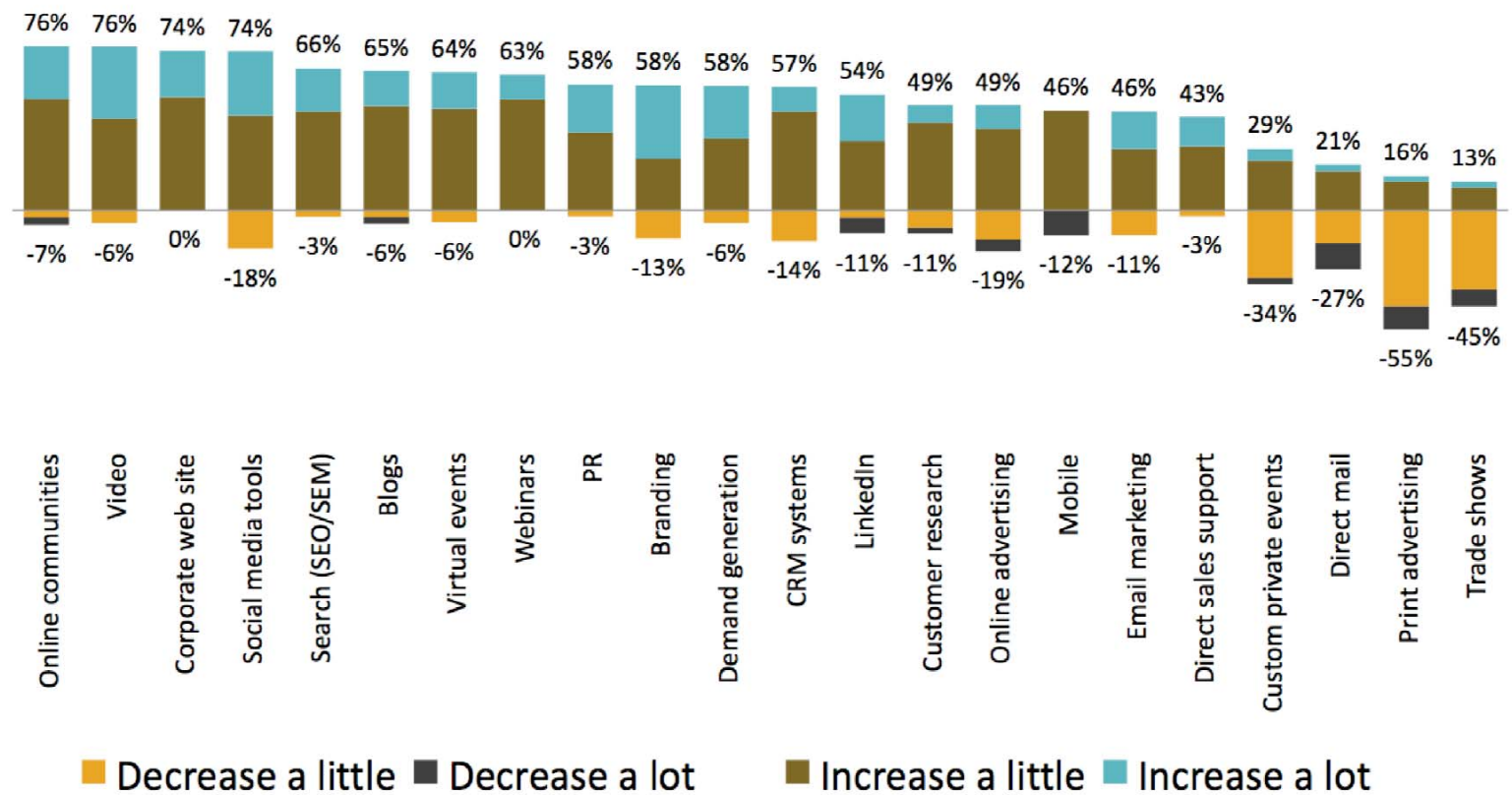
Web promotions.

Business development processes.

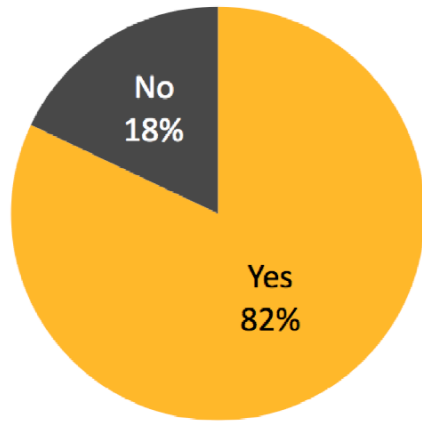
Focus on PR and social media instead of above-the-line activities (through customers).

PR.

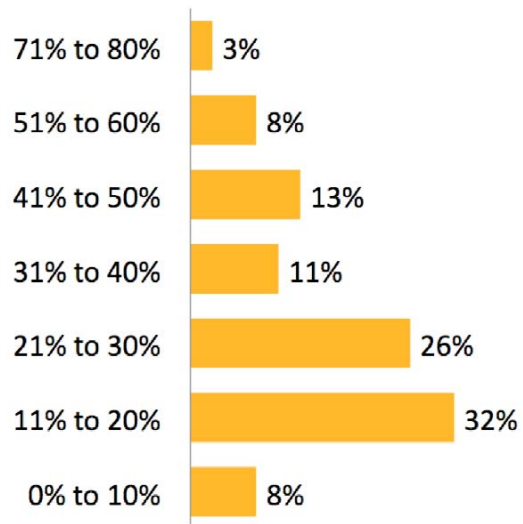
9. Compared to 2009, will these marketing functions, tools and tactics be less or more important in 2010?



10. Has your marketing mix shifted more toward digital tactics and tools in the past 12-18 months?



11. Looking to 2010, what share of your marketing budget do you think will be invested in digital media, tools and pathways?



12. How have buyer behavior and the customer purchase cycle changed for you in the past year, and how have you responded?

Customers have become more price sensitive, and we have responded by being more aggressive with our solutions that save money.

Longer sales cycles, stronger involvement from CFO in decision making, less travel, smaller packaged deals vs. large scale deals, less and cautious spending overall.

Tremendous fee pressure from clients. Greater fee competition from primary competitors and incumbent service providers. Longer sales cycles for project and consulting work.

Purchase cycles seem to be the same. Purchase quantities are reduced. We are attempting to capture increased market share.

The buyer is waiting longer to convert, keeping us on edge, causing our [buyer] to consider pulling out and causing us to react on the fly with more marketing to ensure the buyer converts.

Customers are driving towards zero or negative overhead growth for 2010, which is putting pressure on our subscription renewals. We are positioning and delivering enhanced services to maintain (and in some cases increase) contract size.

Elongated sales cycles, additional financial due diligence. Response has been more focus on developing knowledge and educational content to support ongoing sales cycles (nurturing in the sales cycle). Also, introduced a business-management-consulting offering that showcases our expertise and thought leadership.

Longer cycles with [fewer] orders per cycle. We have moved to emphasize service more.

People want authenticity and value from their partners. We have focused on thought leadership in our areas of focus.

Greater pressure on price. Response ties in to greater value or substituting more expensive ingredients with our functional ingredients

Much more comparative buying—less loyalty.

Buyers are more price sensitive. We have unbundled services.

No change.

Price driven.

Buyers have become far more price sensitive. Responding by adjusting our message to focus on reliability, performance and quality...in general, aspects of our offering that deliver value and reduce our customers' cost of operations.

Sales cycles have extended. We have responded with our own economic stimulus packages to encourage customers.

Overall project ramp-up cycles and engagement decision timeframes have slowed. We have responded with more consistent outreach efforts to keep the issues, and our solution, in front of clients on a more regular basis.

They want more value for dollar spent.

Longer decision making times, [although] I do not believe for all of our talk we have shifted tactics much to address this.

Lengthening and deferral of expenses. Enhance value case and pricing alternatives.

Projects and large orders are being shopped with a wider group of distributors.

Some non-decisions and slowed sales cycles. We are continuing to educate and engage because funds will free up at some point [and] we'll be there when they do!

Buyer behavior is more cautious, purchase cycle is both faster and slower depending on segment. Responding by revisiting and re-assessing tactics for their effectiveness.

Meet the customer where they want to buy, not where you want to sell them.

Order curves [have] stretched, significantly impacting re-order rates, and high six-month churn rates. Focused on increasing contact strategy across our 12-month file, and deep focus on customer lifecycle programs.

Clients in our industry are scared to invest—the deer in the headlights syndrome. We have responded by being more communicative, keeping the dialogue open, not sticking our head in the sand and staying true to our brand.

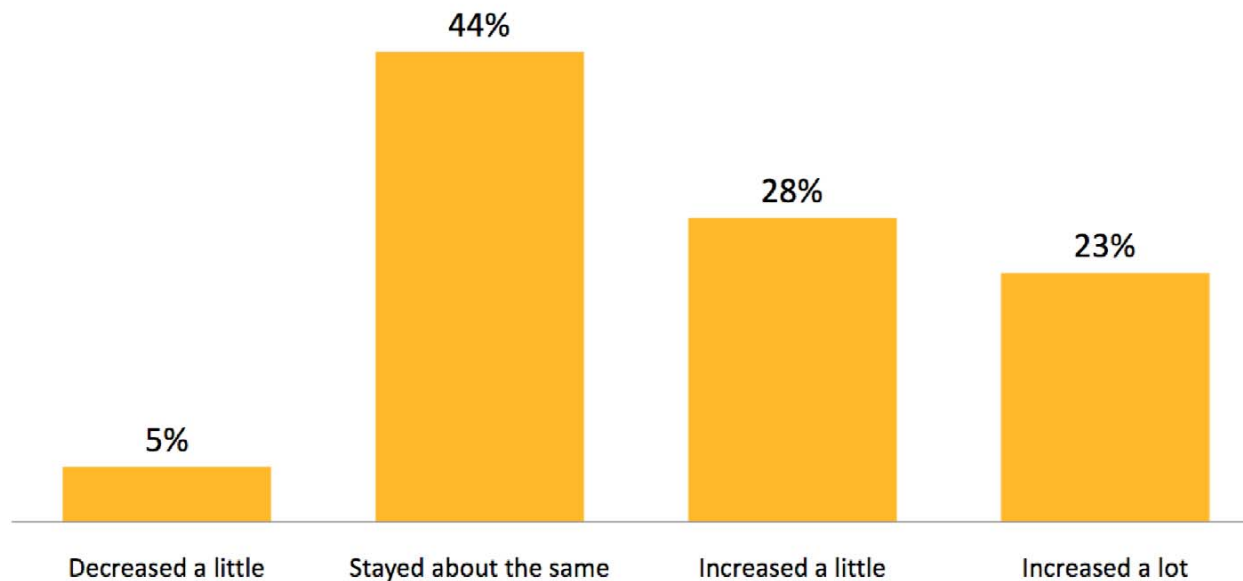
Extended customer purchase cycle, replacement cycles are getting longer, customers doing with older product longer in this environment.

Cycle has lengthened. We have managed for free cash flow vs. ROI.

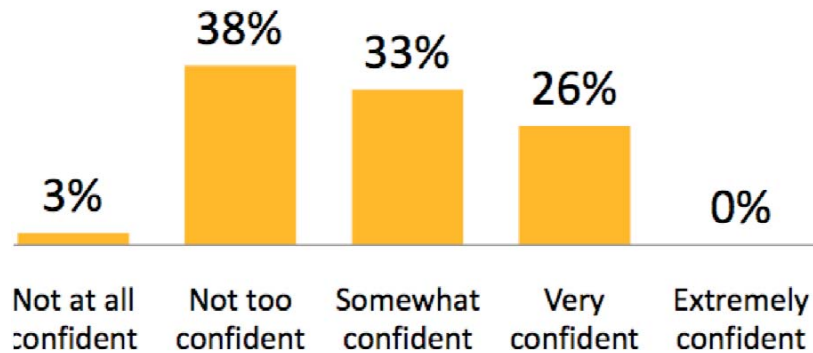
More price sensitive. Stressed the value of our services.

Longer sales cycles.

13. Are you experiencing greater internal demand for marketing measurement?



14. How confident are you that you have achieved the optimum mix of offline and online marketing tactics and media?



15. What criteria do you use to know and feel comfortable that you've achieved the optimum mix?

Awareness and return on investment.

Measure event execution, digital response and lead metrics, telemarketing results (overall and by rep) as well as shift from core to invest clients.

I need some criteria. It's gut feel right now.

Bonafide sales leads generated.

Using multiple streams and watching conversions to see how much we can shift in one direction. But let's face it, some of this is just instinct.

We are in the process of putting additional metrics in place to measure integrated marketing programs in a closed loop fashion. We are still in the trial phase to determine appropriate criteria.

Don't have it yet!

We have implemented a 360-degree measurement system so we can measure the revenue we influence. Therefore, we are aware of what works. We are spending below what we should, however, due to the downturn.

Web traffic, direct response.

Criteria under development. Metrics are something we have not invested in. Trade off spending to measure effectiveness vs. spending against actual marketing program.

Customer feedback discussions and gut feel.

Digital media only emerging as a tool in our company. Lots to do to get to the right level, with the right resources to generate content.

Measurement of media mix.

Our customers will let us know as their engagement with digital marketing tools increases and naturally their responses to traditional marketing tactics decreases.

A range of metrics that measure cost per response and revenue influence per campaign, etc.

General program metric evaluations, and most importantly feedback from market-facing professionals and clients.

Integration points and strategy.

Depends on the goal/objective of the initiative being supported.

Steady revenue stream from online activity.

Leads, mentions, ecosystem support, participation.

Measurement of different participation and ROI when we run the same program using different media. Word of mouth feedback.

Not sure how to answer this other than, where possible, quantitative measurement.

ROI measurement.

Customer acquisition and retention. As these reach our targets, it gives confidence that were driving the right vehicles.

There is no right mix—it constantly changes and evolves. We continually tweak our media portfolio as the market changes and we get quantitative and qualitative measurement.

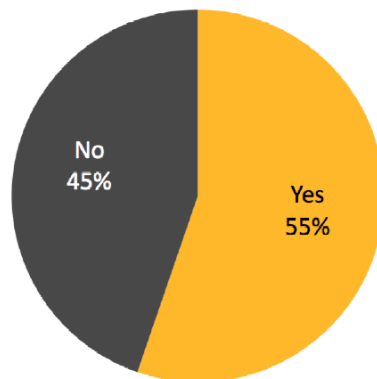
Marketing ROI analysis.

Customer (internal/external) feedback.

Measure ROI.

Difficult to measure, but [we have seen] clear increase in ENGAGEMENT with key target audiences.

16. Do you currently allot budget for "marketing R&D" so you can evaluate new tactics and/or media?



17. Can you describe very generally what kinds of new platforms and ideas you are testing?

More online advertising on new sites.

New target audience (business vs. IT) within existing target verticals/markets.

Segmentation.

Multiple forms of social and professional digital media.

Video, social media and nurturing programs.

E-mail marketing, online ads.

Social media. Online acquisition.

Digital strategy. Social media.

Social media and the adoption of technology throughout the marketing function.

While no budget is specifically labeled "marketing [R&D]," we do encourage constant change and refinement. Most importantly, we maintain a progressive, trust-based culture across our marketing team that encourages educated risk, and people are always recognized for their creative contributions.

In-store research, online product reviews, social media marketing, e-commerce.

Always piloting new programs and ideas.

Top secret!

Social media tracking tools. Web site conversion tools.

I answered yes, because we fund a strong analytics group [that] measures and compares all tactics and provides strong facts and figures, which easily guide these decisions.

Social media marketing, listening tools [and] online display advertising to support community membership.

Online training and social networking.

A designer's platform. Create community of designers to understand opportunities of carton packages, share best practices and develop designs from prospects and customers. By this kind of engagement, you hopefully create ambassadors among an important group of influencers.

Appendix (online questionnaire)

1. In the current economic climate, is your marketing department:
 - Doing more with less?
 - Doing the same with the same?
 - Doing more with the same?
 - Doing more with more?

2. How does your 2009 marketing budget compare to 2008, and how do you think your 2010 marketing budget will compare to 2009?
 - Up significantly
 - Up modestly
 - Flat
 - Down modestly
 - Down significantly
 - Down by 50% or more

3. Have you made any significant changes to your marketing strategy or tactics in the past year to deal with the new economic reality?
 - Yes
 - No

4. If yes, please explain.

5. If you have had to make cutbacks, how have you done so?
 - Given all marketing activities a more or less equal haircut.
 - Cut specific programs or tactics to spare or increase funding of other activities.
 - Something else.

6. If you have had to make cutbacks, what tactic was hardest to cut?
7. Have you made any cuts that, in retrospect, did not cost you any gains and that you'll likely leave out moving forward?
8. What single marketing tactic is working hardest for you and/or generating the most ROI at this time?
9. Will the following marketing functions, tools and tactics be less or more important to your organization in 2010?

Lot Less Less Same More Much More

- Demand generation
- Branding
- Customer research
- Corporate web site
- Trade shows
- Print advertising
- Video (viral and on demand)
- Email marketing
- Virtual and online events
- Mobile
- PR
- Online communities
- Custom private events
- Blogs
- CRM systems
- Search (SEO/SEM)
- Webinars
- Online advertising
- Social media tools
- Direct mail
- Direct support of sales/channels
- Other

10. Have you seen your marketing mix shift to more digital tactics and tools in the past 12-18 months?
- Yes
 - No
 - Not sure
11. Looking to 2010, what percentage of your total marketing budget do you think will be invested in digital media, tools and pathways?
- 0-10%
 - 10-20%
 - 20-30%
 - 30-40%
 - 40-50%
 - 50-60%
 - 60-70%
 - 70-80%
 - 80-90%
 - 90-100%
12. How have buyer behavior and the customer purchase cycle changed for you in the past year, and how have you responded?
13. Are you experiencing greater internal demand for marketing measurement?
- Yes
 - No
 - Same
14. How confident are you that you have achieved the optimum mix of offline and online marketing tactics and media?
- Totally confident
 - Reasonably confident

- Fairly confident
- Not very confident
- Not confident at all

15. What process do you use to know and feel comfortable that you've achieved the right mix of traditional and digital media?

16. Are you continuing to allot budget for marketing R&D?

- Yes
- No

17. If you said yes, can you share some examples?



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