



# THE B2B BAROMETER

Reading No. 1 - June 2009



IN CONJUNCTION WITH



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## INTRODUCTION

In the current environment having access to detailed, up-to-date and insightful information is more important than ever; any marketer worth their salt knows that they have to keep their finger on the pulse. On the pulse of their customers, on the pulse of their industry and on the pulse of their profession. Failure to do this means that marketers find it virtually impossible to put into practice what they preach, namely their ability to anticipate and satisfy the needs of their customers and prospects.

In B2B marketing we've historically adopted an anecdotal approach to keeping up-to-date with developments in our profession. We network with our peers and read the editorial opinion of the few publications specific to B2B. These are of course valuable sources but by their very nature only take into account the opinion and experience of a small group of individuals. So we felt it was time to cast the net a little wider.

In conjunction with the Institute of Direct Marketing (IDM) and the Association of B2B Agencies (ABBA), Circle Research has developed a regular survey to take the pulse of the B2B marketing profession - the B2B Barometer. The first wave of this study canvassed the opinions of major industrial and commercial companies and especially those who account for a significant slice of expenditure on B2B marketing services.

This report contains the key findings from the study as well as a more detailed analysis, which drills down into the detail provided by the B2B marketing professionals that took part.

## 1.1 THE RESEARCH PROGRAMME

In April 2009 we interviewed over 100 B2B marketing professionals across more than 15 vertical sectors including banking/finance, professional services, IT and telecoms sectors; between them they have a turnover of around £2.6 billion.

In undertaking the project we covered the following key areas:

- How marketing is organised
- Views on the current economic climate and its impact on business prospects and marketing budgets
- How B2B marketing budgets are apportioned
- Changes in marketing spend by channel and/or area
- Measurement of marketing effectiveness
- B2B marketing trends and issues
- Key marketing priorities
- Key sources of information used by B2B marketers

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## 2. KEY FINDINGS

- Despite the gloom about the economic situation (around two-thirds of businesses expect the downturn to last for at least a further 12 months) a majority of B2B marketers are confident about the outlook for their own organisation. This suggests a natural resilience on the part of B2B marketers and confidence in their ability to manage their business in challenging times
- New media (primarily website development, email and online advertising) has captured a significant share of B2B marketing budgets and is expected to account for nearly 40% of spend. However, traditional media such as direct mail and trade shows continue to be important. Key challenges facing B2B marketers are to fully leverage their digital capabilities and successfully integrate these with the more traditional marketing channels
- Looking ahead to the future there are clear winners and losers in terms of channel or area of spend. Albeit from a low base in terms of current usage, most marketers predict a rapid increase in usage of social media in B2B. A bright future is also predicted for email campaigns, company website and online advertising. By contrast, traditional media such as print advertising is expected to take a hit
- Given pressures on budgets and the increasing requirement for B2B marketers to justify and substantiate marketing investment, one would expect that measurement would play an important role. But this is not always the case, with only half of B2B marketers claiming that they actually measure the return on marketing investment. Where measurement is undertaken a variety of tools are used, many of which are more concerned with sales as opposed to marketing effectiveness
- Key priorities identified by B2B marketers are: strengthening their online presence (especially website content, visibility and interaction and better email marketing); deriving the maximum value from budgets given recent constraints; improved database management; and understanding how best to integrate new and traditional media
- As a profession B2B marketers face a number of challenges and opportunities. The industry is definitely maturing and is increasingly recognised as a specialist discipline in its own right. New media has become and will remain relevant in B2B. But there is a sense that marketing still plays a secondary role to sales; B2B marketing practitioners have neglected branding and must pay as much attention to this as their consumer counterparts; but the real prize is the ability of B2B marketers to fully leverage the exciting opportunities in new media

## 3. MAIN FINDINGS

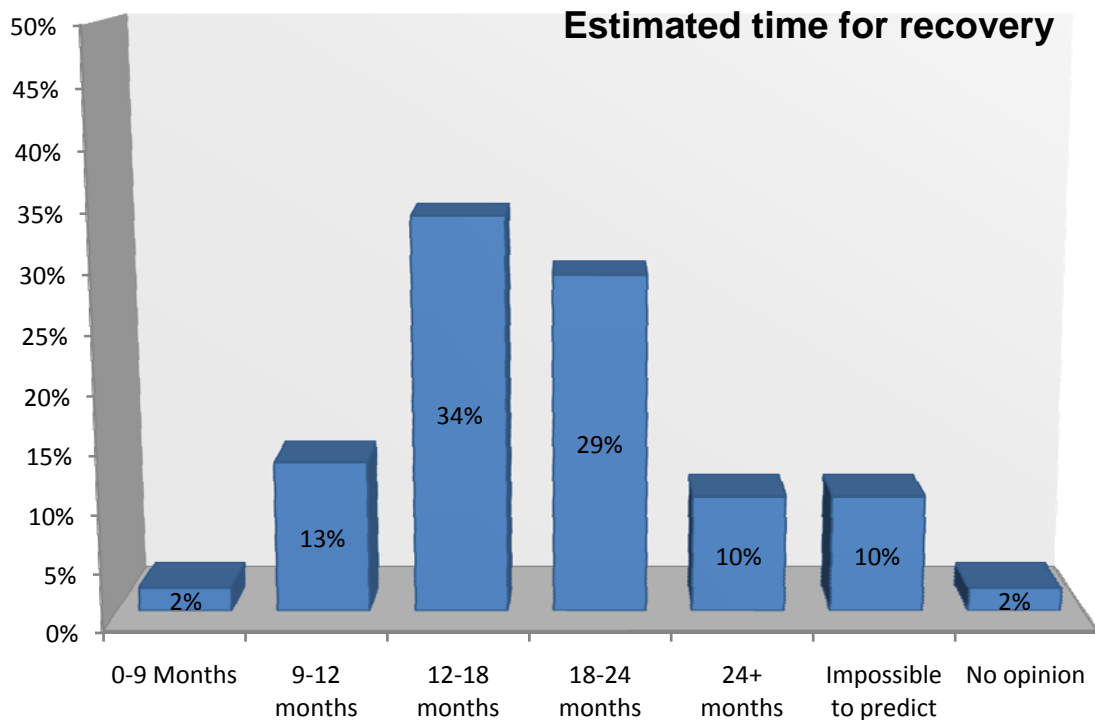
### 3.1 HOW B2B MARKETING IS ORGANISED

The findings from the B2B barometer may go some way to dispelling the myths that B2B is always the poor relation to B2C. It is not and, contrary to conventional wisdom, B2B budgets are substantial. As an example, those companies who took part in the B2B barometer collectively control budgets to the tune of £34 million. Furthermore, over 15% of those interviewed have responsibility for budgets in excess of £1 million per annum.

The number of people who work in B2B marketing is substantial. The vast majority (over three quarters) of people we interviewed have dedicated marketing teams. And in keeping with our findings on the size of B2B budgets some of these teams are quite large - one in five of respondents to the B2B barometer have marketing teams in excess of 20 people.

### 3.2 B2B MARKETING BUDGETS AND THE ECONOMY

Of course many other studies report generally on short-term business prospects and track changes in business confidence. But how do B2B marketers view this? There is a sense of continuing gloom about the economy with nearly two-thirds of businesses predicting that the downturn will last between 12 and 24 months.



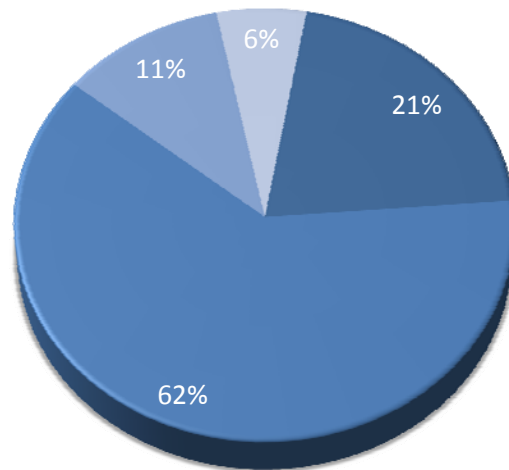
But encouragingly as many as 50% of our respondents are confident about their own organisation's outlook over the next twelve months - suggesting a natural resilience on the part of B2B marketers and belief in their ability to manage their business in difficult and challenging times.

This view is mirrored by the findings from the most recent Marketing Outlook report from the CMO Council which suggests that *"marketers are facing an atmosphere inside their own organisations that is somewhat brighter than the bleak overall economy."*

Unsurprisingly, budgets have been cut and will continue to be cut, with about one quarter of businesses reporting that over the next twelve months B2B marketing budgets will be hit harder than other areas. But one gets the sense that B2B marketers are quite philosophical about this and definitely up for the challenge. They recognise that levels of spend will be lower, but are determined to ensure that budgets work to the maximum effect.

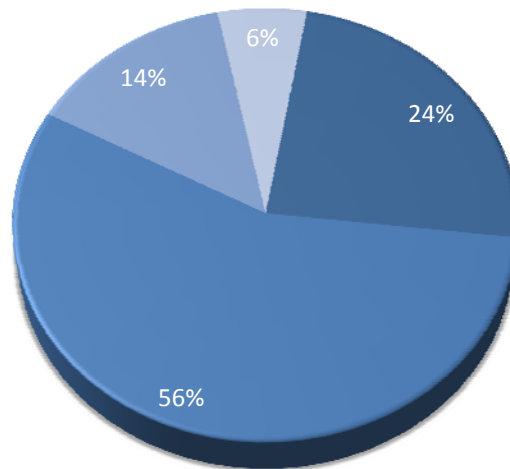
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## Previous 12 month's impact



- B2B marketing budgets have been/are likely to be hit harder
- B2B marketing budgets have been/are likely to be affected largely to the same extent
- B2B marketing budgets have been/are likely to be affected largely to a lesser extent
- Don't know

## Next 12 month's impact



- B2B marketing budgets have been/are likely to be hit harder
- B2B marketing budgets have been/are likely to be affected largely to the same extent
- B2B marketing budgets have been/are likely to be affected largely to a lesser extent
- Don't know

### 3.3 HOW B2B BUDGETS ARE APPORTIONED

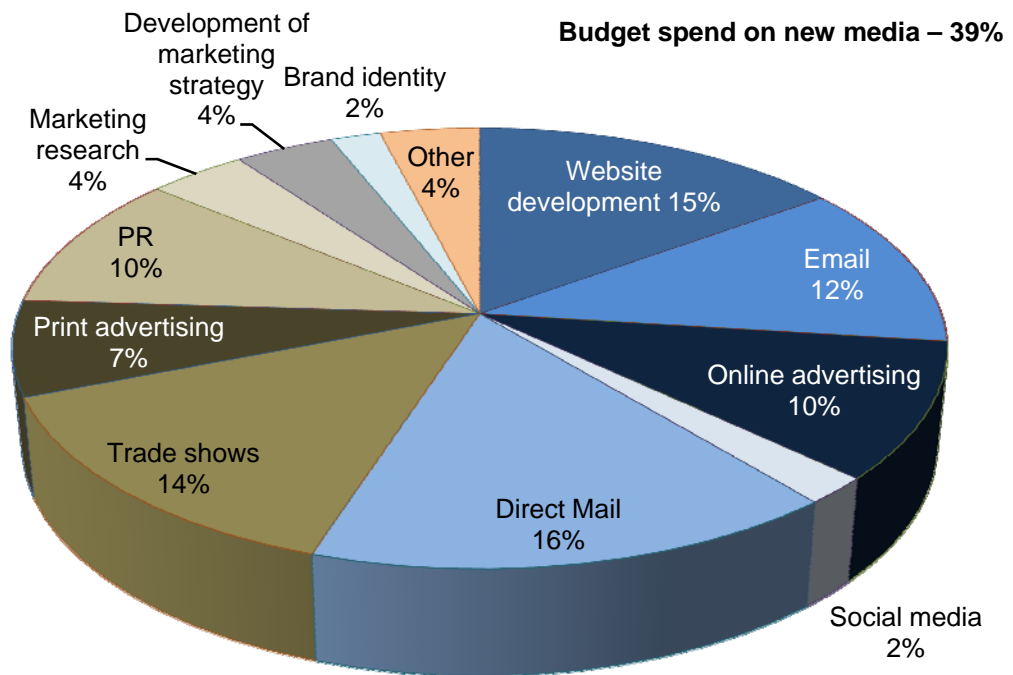
There has been much debate and discussion about the future of different communications channels, with some industry commentators predicting the widespread demise of many of the more traditional advertising and direct mail. The digital age, they tell us, will bring about significant and far-reaching changes to B2B communications. Things will never be the same.

So how over the next twelve months, how will participants in the B2B barometer expect to allocate their budgets? What will they be spending their money on?

The research findings confirm that new media will indeed be very important and will account for nearly 40% of total B2B budgets. The principal new media initiatives include the corporate website, email and online advertising. Likely expenditure on social media, however, will be more limited.

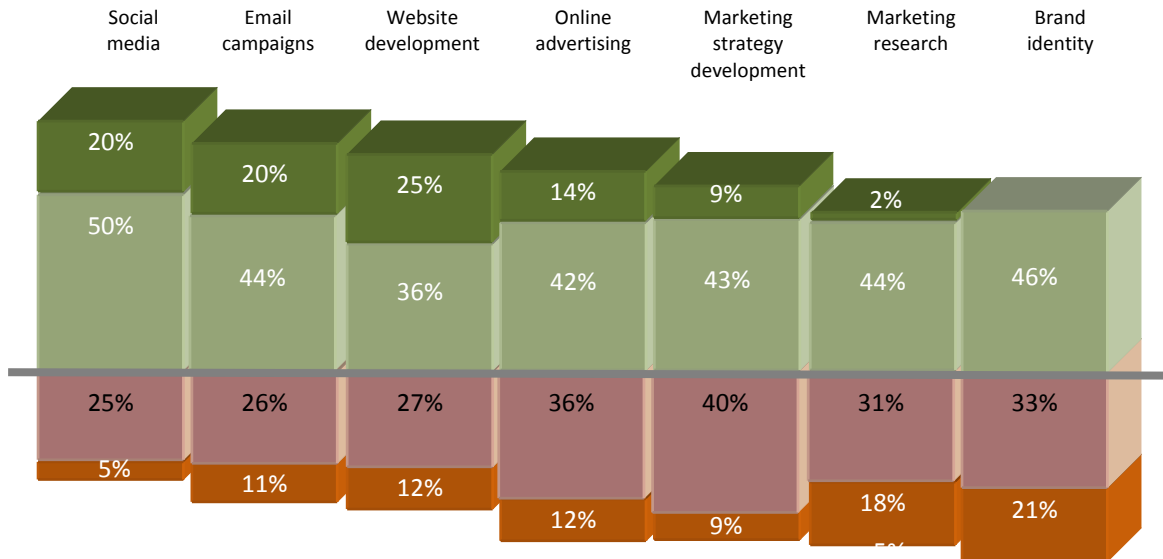
Of the more traditional media, two in particular stand out with direct mail and trade shows collectively accounting for nearly one third of total B2B marketing budgets.

#### How will budgets be allocated over the next 12 months?



### 3.4 CHANGES IN MARKETING SPEND BY CHANNEL AND/OR AREA

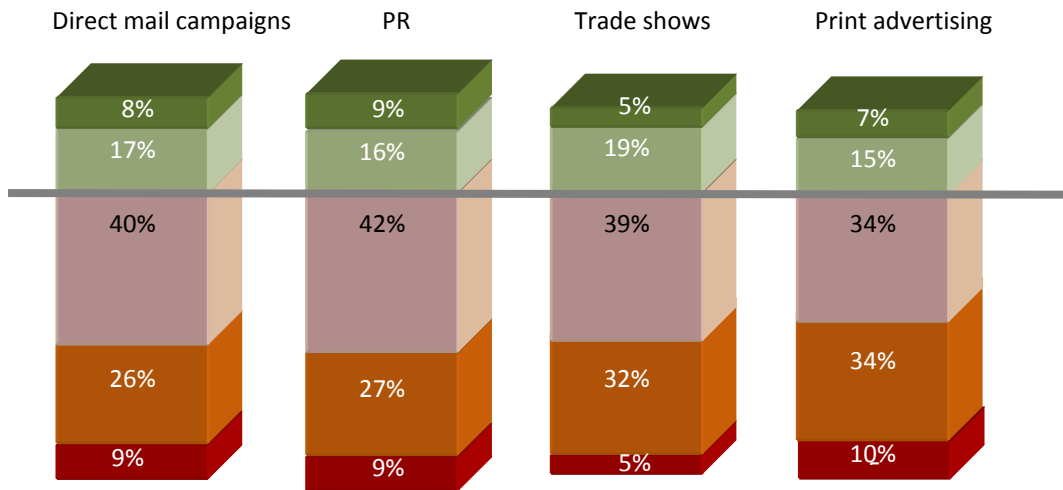
Given both the requirement for some 'belt-tightening' in the current economic and, as we've seen, the growing importance of new media, which areas will businesses be focussing on? Which ones will be the winners? And which channels or areas of expenditure will be the losers?



■	Increase significantly
■	Increase slightly
■	Stay the same
■	Decrease slightly
■	Decrease significantly

New media is expected to take a disproportionate share of B2B marketing spend in the future with the main beneficiaries being social media, email campaigns and website development. For each of these initiatives most businesses told us that they expected that their spend would rise. In the case of social media, for example, 70% predicted an increase in expenditure, whereas only 5% anticipated a fall. Over two thirds of businesses forecast higher spend on email campaigns, with only one in ten predicting budget cuts for this activity.

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Increase significantly
Increase slightly
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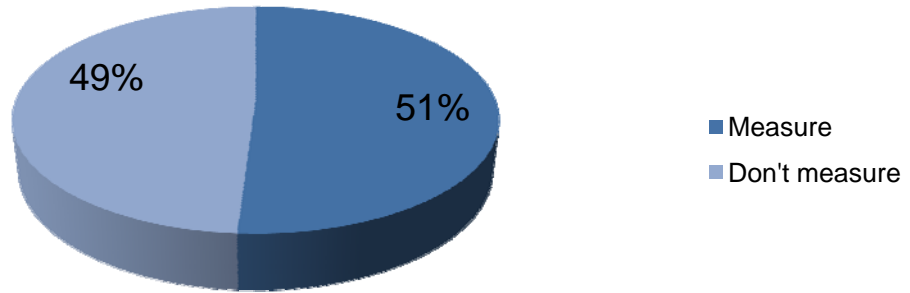
By contrast, traditional or 'old' media is expected to take a hit with sharp falls in expenditure predicted for print advertising in particular. Although nearly one quarter of businesses predict an increase in B2B print advertising, a much larger proportion (44%) told us that spend on this channel would decline. Although not as bad, budgets covering trade shows, PR and direct mail campaigns are likely to suffer.

### 3.5 MEASUREMENT OF MARKETING EFFECTIVENESS

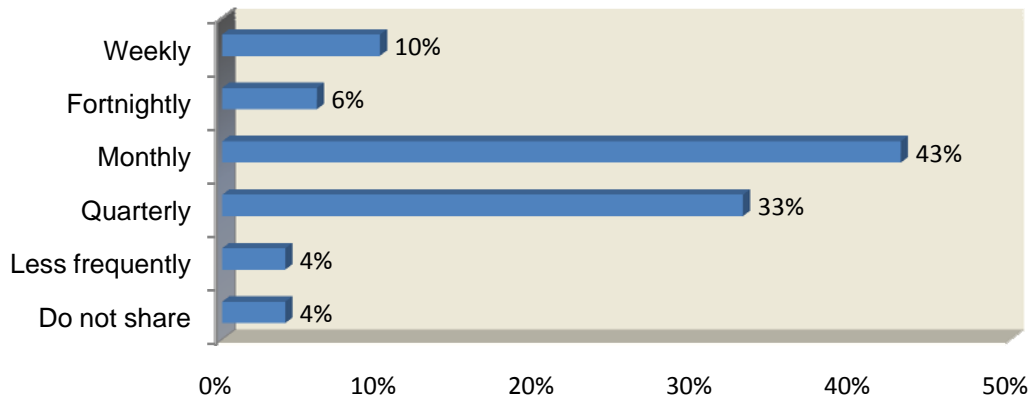
We know that justification for marketing investment and measurement of the return has become ever more important, even more so in a downturn when costs are subject to closer scrutiny. We also know that in the digital age more tools are potentially available to help management evaluate the effectiveness marketing initiatives.

So given this context, do businesses actually measure Return on Marketing Investment (ROMI)? Assuming they do, how frequently do they report back to others within their organisation about this? And how is this done?

## Return on Marketing Investment - ROMI



### Frequency of reporting ROMI



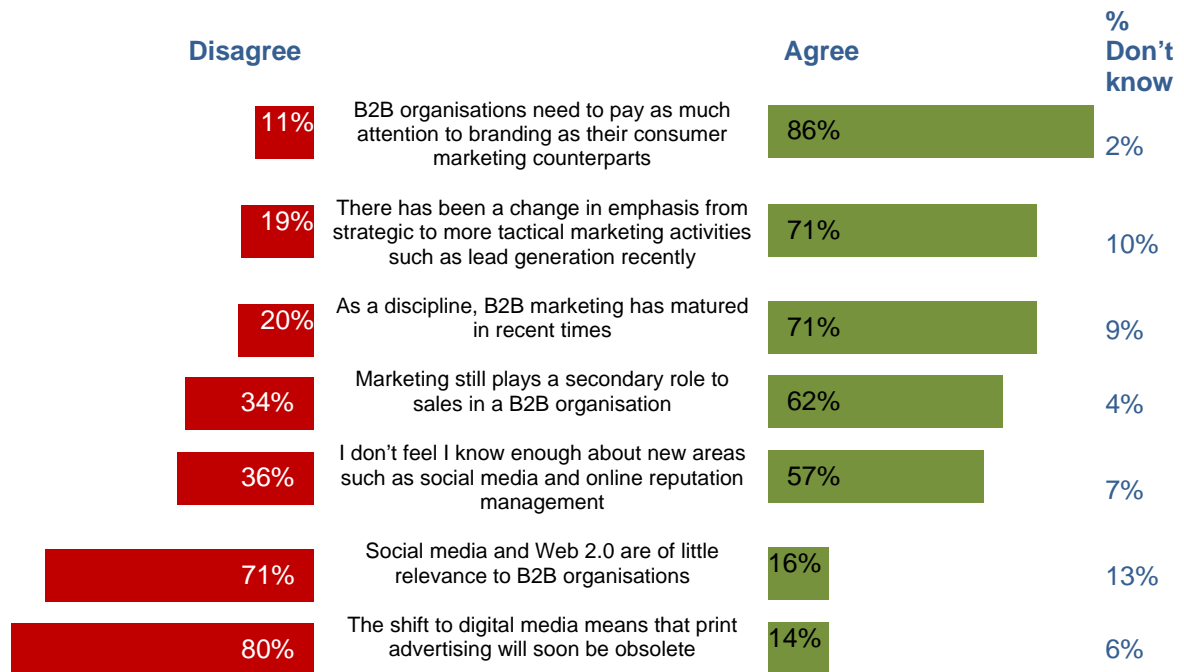
Perhaps surprisingly, especially in view of the value of B2B marketing spend, only half of businesses actually claim to measure ROMI. Where it is measured it's typically done monthly or quarterly. But there doesn't seem to be any standard way of doing this with businesses relying on diverse methods of measurement such as web analytics/traffic, lead generation, spend on turnover and cost per enquiry.

Interestingly most of these measurement techniques seem to be more concerned with evaluating sales effectiveness, not marketing effectiveness. It seems to support the view that when times are hard there tends to be a focus on short-term tactical initiatives as opposed to longer term strategic actions.

But it does raise some interesting questions about what is being done to measure the health of brands in the current environment, especially in terms of brand values, loyalty, advocacy and other key metrics.

### 3.6 B2B MARKETING TRENDS AND ISSUES

We asked our respondents to comment on some topical issues in B2B marketing, especially the likely impact of some of the key trends that we had identified.



Three key issues emerged as being of particular importance:

- B2B marketing is 'growing up' and seems to be increasingly recognised as a valued discipline in own right. But as B2B marketing continues to mature as a discipline, there is widespread agreement that B2B organisations must pay at least as much attention to branding as their consumer marketing counterparts.
- As we suspected, marketing is still believed to predominantly play a secondary role to sales in B2B organisations. This situation may have received added impetus from the current market environment which has encouraged more tactically-based marketing activities.
- As we've seen new media, especially social media and web 2.0 are becoming increasingly important in B2B marketing. But two other points are of equal importance- B2B marketers are concerned that they lack information about some aspects of this new communications world. And under no circumstances does the shift to digital media mean that print advertising will soon become obsolete.

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## 3.7 KEY MARKETING PRIORITIES

We asked our respondents to identify what they considered their key marketing priorities to be; rather than responding to a pre-determined list, the marketers who participated in the survey answered on the basis of 'open' questions. We identified five key priorities:

- Strengthening online presence through improved website content, visibility and interaction and enhancing the effectiveness of email marketing
- Cleansing and maintaining accurate and up-to-date customer and prospect details
- Deriving the maximum value from marketing budgets – *making them work to the fullest extent*- at a time of budget cuts
- Measuring the return on marketing investment – but in reality often the return on sales investment – at a time when budgets are tight and marketers are being asked to justify and substantiate marketing spend
- Obtaining a better understanding of new media and how best to integrate this with more traditional forms of communication

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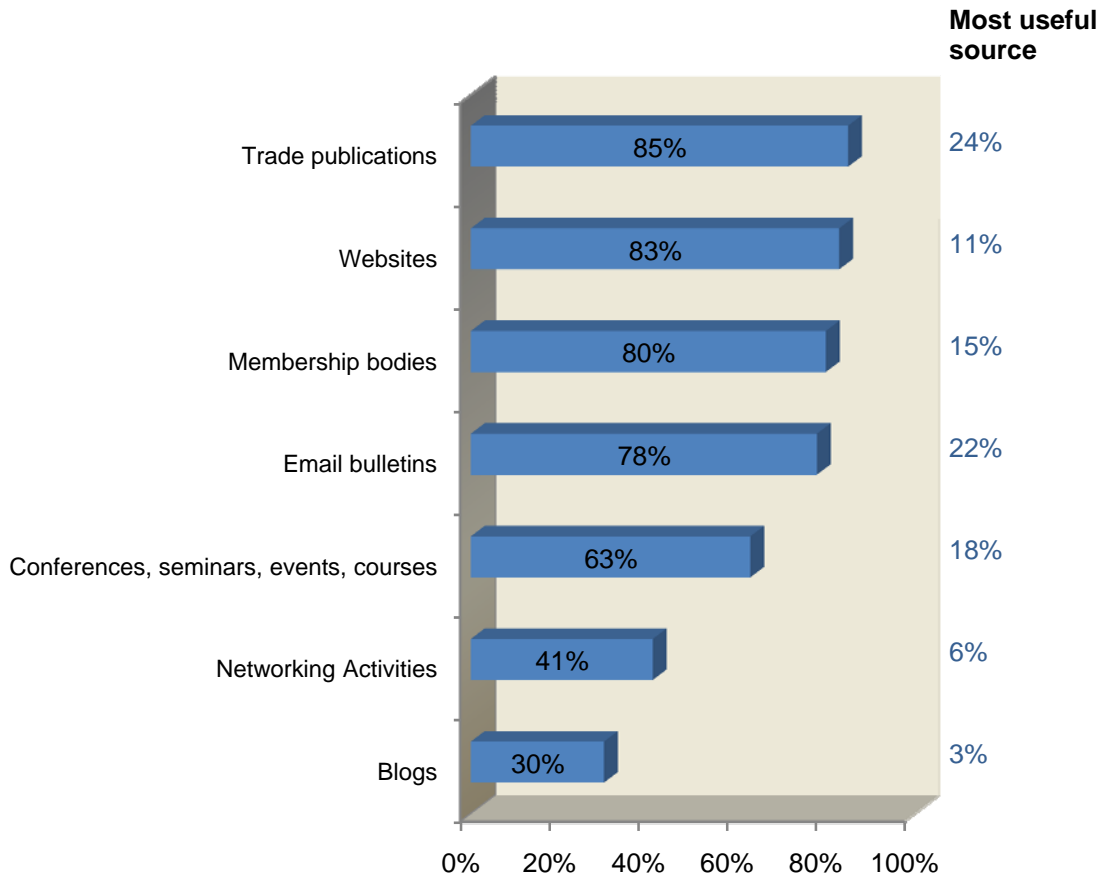
## 3.8 INFORMATION SOURCES

We've focused in this report on how B2B marketers interact and communicate with their own stakeholders such as customers, prospects and channel partners.

But how about B2B marketers as an audience in their own right? How do they go about keeping themselves up-to-date with trends and issues in B2B marketing? And more specifically what do they read?

Four sources of information seem to be of real value but two stand out as being especially important, namely trade publications and email bulletins. Clearly the delivery of market and business information through both traditional and new media represents a powerful combination.

## Key sources of information to B2B marketers



This report is the first of a series covering the B2B Market and full details of ensuing publications can be obtained from **ABBA** – [www.abba.co.uk](http://www.abba.co.uk), The IDM [www.theidm.co.uk](http://www.theidm.co.uk) and Circle Research [www.circle-research.com](http://www.circle-research.com). This initiative is also supported by the IDM B2B Council, an industry advisory body on B2B marketing best practice. For more information visit <http://www.theidm.com/about/idm-advisory-councils/the-idm-business-to-business-marketing-council/>