

THE B2B BAROMETER REPORT

JULY 2014



PRODUCED BY:



Foreword

When we founded the *B2B Barometer* five years ago in 2009 our goal was clear: to create a peer-based benchmark for B2B marketers. We wanted to ask the kind of questions we all want to know but may not always have the opportunity to ask: how much are other B2B marketers spending, what on and in the context of what challenges?

After a temporary pause last year, we're delighted to share the latest wave of the Barometer with you. You'll notice we've slimmed down a bit. That's because we wanted to re-focus on the original remit of the study – while we'd explored complementary areas over the years to fill an information vacuum, these are now well covered by others who provide an excellent, in-depth insight.

This wave's survey represents the opinion of 116 B2B marketers in the UK who collectively control or influence marketing budgets in excess of £95 million.

Thanks as always go to those who took the time to complete the survey and everyone at The BMC, IDM and Circle Research who make the study possible.

We hope the report makes interesting reading.



David Burnand

David Burnand

Chair at the BMC and
director of Stein IAS London

Contents

Section 1: The big picture	4
1.1 B2B marketers more confident than ever	4
1.2 B2B marketing budget as percentage of turnover	5
1.3 Three major trends: content, social and personalisation	6
1.4 Ones to watch: big data, mobile and automation	7
1.5 Three challenges: resources, ROI and keeping pace with change	9
Section 2: The little picture	10
2.1 Channels moving online – and we’re not just talking about BBC3	10
2.2 Use versus spend	12
2.3 A closing thought	13

Section 1: The big picture

1.1 B2B marketers more confident than ever

In the previous wave of the *B2B Barometer* we found marketers to be a bundle of optimism, with 80 per cent 'very' or 'quite' confident in their company's outlook. This year, that optimism has remained with 87 per cent saying they expect revenue growth over the coming 12 months and only three per cent forecasting a decline.

While optimism abounded, in the previous wave we saw growth in the wider organisation had not yet fully filtered through to marketing budgets. It has now; 56 per cent of marketers report that there has been growth in their B2B marketing spend over the last 12 months – even when we subtract those reporting lower spend, this still leaves a net of 40 per cent in favour of growth. And this growth isn't insignificant either – budgets have increased by an average of 19 per cent and more than one in 10 report an increase of over 50 per cent.

Net change in B2B marketing budgets

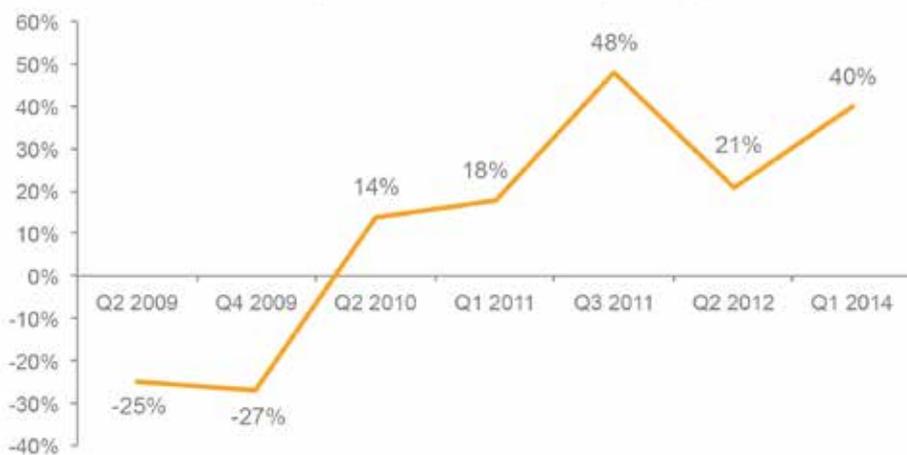


Figure 1 Q. How does spend on B2B marketing activities compare to the previous months?

The recovery is here: It's official

As someone whose livelihood is inextricably linked to marketing expenditure, it's greatly heartening to read that confidence among our respondents has increased again.

The findings broadly mirror that of the wider marketing community (latest IPA Bellwether Report shows largest increase of marketing budgets in 14 years and 30 per cent companies seeing budgets uplift in Q1), which are congruent with the now official recovery in the UK economy.

Households are still 10 per cent worse off than before the recession, meaning that wage growth will need to outstrip price inflation to return us to the pre-recession watermark.

It is however confidence that is helping to drive recovery and similarly within the B2B marketing space, the good news is that higher confidence is now translating to behaviour to a greater extent than it was previously, with anticipated uplifts in businesses marketing commitments. This catch up effect will no doubt be due to a combination of business conservatism (following such a sustained and savage downturn) and the annual budgeting cycle.

There will be winners, to a greater extent, in areas that suffered worse with pent up demand being released in, for example, mainstream media with spend growing by 11.7 per cent and events 6.2 per cent. Both are areas where many businesses have disinvested and now need to sharpen their axes.

Having spent decades in this industry, I've always felt B2B was a barometer for the wider marketing community in so far as, sadly, we tend to lead the industry into downturn. I also feel exceptionally fortunate to have worked with many clients who decided to market their way through and out of this one.



Danny Turnbull
MD, Gyro Manchester
and executive council
member of the BMC



New-found confidence for B2B

Drew Nicholson
Joint MD,
OgilvyOne DNX and
executive council
member of the BMC

As a result of better insight from scientific customer and marketing

data, marketers across the board are enjoying a new-found respect in B2B and B2C industry sectors, and even increasingly a seat at the boardroom table. Acknowledgement of the contribution that marketing makes to organisations is growing.

Closer to home, B2B marketing is increasingly respected as a skill in its own right. We have all developed strategies to take into account the complex targeting of B2B DMUs; their need to justify large investments, decision by committee, the need to demonstrate ROI and a much longer purchase decision-making cycle. ('The four nots' of B2B marketing: not my money, not only my decision, not small change, and not tomorrow).

Budgets are increasing in line with economic growth (2013 saw the biggest rise in marketing spend since 2006, and 2014 spend is anticipated to rise even further*) and as we grow in confidence, we run braver work, grow more ambitious and embrace more new digital channels – all things that bring greater recognition. We all know that business decision makers recognise content in the same way as consumers, on the same devices, responding to the same emotional triggers and same need for entertainment and information. Most marketers are finding more creative ways to express their business proposition too.

This approach has propelled higher numbers of B2B brands into the top 100 Superbrands list.

For all marketers, not just those practising B2B marketing, the focus needs to be on connecting marketing activity to business objectives (even industry bodies like the IPA are highlighting this too); it's about harnessing deep customer insight to deliver better outcomes, and if we can do this well, we can all be justifiably optimistic.

*Q1 2014 Bellwether Report

1.2 B2B marketing budget as percentage of turnover

Another valuable benchmark emerges when we consider B2B marketing budgets as a proportion of overall turnover. The average marketing department receives seven per cent of turnover. But before you run to the board and demand more budget (or keep your head down and budget tucked away if yours is greater than seven per cent), we should note that this average masks a lot of diversity and actually follows the rule of thirds. One third of B2B marketers (31 per cent), typically those in larger organisations, receive one per cent or less of organisational turnover as a budget. The same proportion receives 10 per cent or more. And one third (37 per cent) receive between one and 10 per cent.

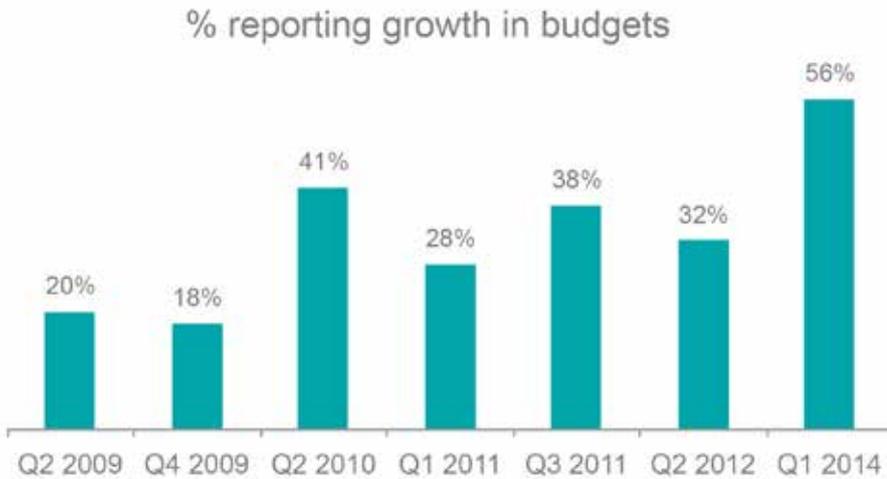


Figure 2 Q. How does spend on B2B marketing activities compare to the previous months?

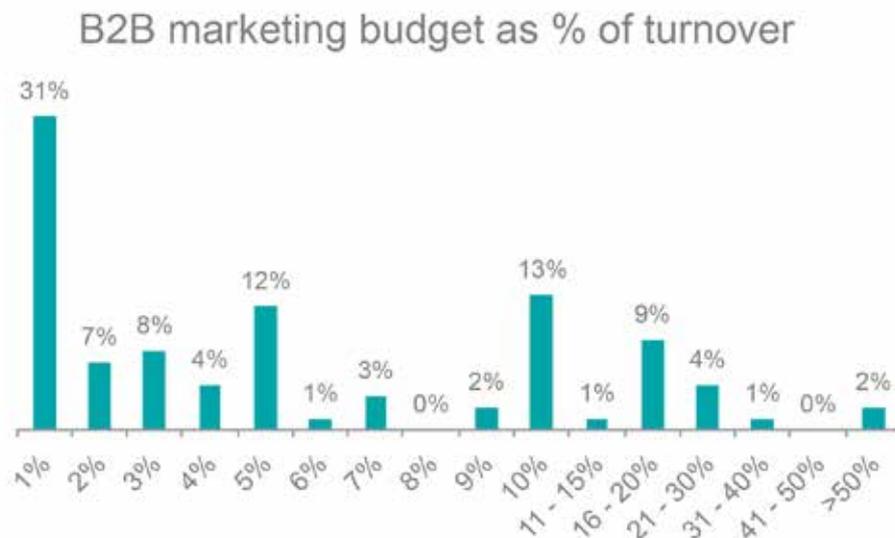


Figure 3 Q. Roughly what proportion of your organisation's overall revenue does this budget represent?



Has the digital wave frozen?

Fran Brosan
Director, Omobono
and executive council
member of the BMC

The *B2B Barometer* shows that increasing numbers of marketers are moving their money to online channels (up eight per cent since the last wave). But 2011/2012 looks like an interim dip as, looking over the five-year period, the average allocation of budget to digital hovers around the 39 per cent consistently.

What to make of it? Marketers plan to spend more on digital. But are they spending enough? Why isn't digital taking the lion's share, given that marketers continually struggle with measurement and digital is meant to be far more accountable than offline channels. Is it because it's simply more cost effective versus events, trade shows and above-the-line advertising, so you don't need to spend more than 40 per cent of your budget on it? Or is it that it continues to be only part of the way to reach people in B2B?

A discussion with an assembled group of senior B2B marketers at The Marketing Society recently throws some light on the issue. Sales teams, keen to get in front of buyers to generate leads, continue to press for live events. Old ways of doing things die hard it would seem. But with authorities such as Deloitte and Google saying up to 80 per cent of the buying process is complete before you even know a buyer is in the market, it's time to challenge this view. Let's hope that the intentions to commit more money to digital channels will drive the figure to higher levels in the next survey.

1.3 Three major trends: content, social and personalisation

One clear trend is a return to economic growth – B2B marketers are seeing their companies and their budgets grow. Alongside this wider macro-economic pattern, there are a host of trends specific to the marketers' world. But if we cut through the noise, what's really topping the marketer's agenda? When asked what they see as the most significant trends in B2B, marketers pinpoint three: content, social media and personalisation.



Figure 4 Q. What do you feel are the most significant trends in B2B marketing?

While each is important in their own right, there's a common thread running through these trends. It could be said that they're all driven by a cultural shift among buyers of B2B goods and services.

B2B markets have always had a sense of 'community' – they're often close-knit and relationships matter. In recent years this has intensified, which has several implications for marketers. Increasingly, the target market expects a supplier to be a good citizen in the community and possibly even a leader; someone who engages well with others, that contributes to the greater good and can be trusted (a bit of personality doesn't go amiss either).

Right message, right audience, right time

Surprised? You shouldn't be, as the right message, to the right audience, at the right time is the corner stone of the marketing industry. However, we're now dealing with a far more complex community caused by the proliferation of smartphones/tablets, the move towards cloud-based software and the use of consumer applications in the workplace, commonly referred to as the 'consumerisation of IT'.

While not new, this cultural and technology shift creates the need to think differently in how our target buyers and influencers search, consume and interact with information. Ask your customers, finding relevant content is seen as the number one challenge with the vast array of content formats and mediums, simply, who do they trust?

Social media's exponential rise in the B2B buyer's journey continues to create a challenge of how (and even should) we try to monetise these social investments. And with so many personalisation options available, there is a need to remain focused on those actionable data points that provide the ultimate insight into a customer's content consumption habits.

To look then at content, social and personalisation individually would be a mistake: the knowledge that can be gleaned from the sum of the parts is simply invaluable to remaining customer- and community-centric.



Jon Moger
Director of digital and content marketing, Juniper Networks and executive council member of the BMC



Elizabeth Smyth
EMEA marketing, Marketo and executive council member of the BMC

Content is great but personalised content is better

We are bombarded with more than 3000 marketing messages a day, each one vying for our increasingly scarce attention. It's noisy out there. That's why these three key trends around content, social media and personalisation are right on the money. Content is the foundation of lead generation efforts. In today's buyer-empowered landscape, marketers have come to rely on content for prospect engagement; but to rise above the noise, your content must educate, inspire and beg to be shared.

Good content should help your audience overcome challenges and achieve their aspirations. If your content is able to do that, prospects will flock to you and you'll gain their trust. And personalising that content makes it even more powerful. When you tailor your messages to the reader, across email, web, mobile, it has more resonance because the interaction feels like a real conversation (and can mean up to a 30 per cent increase in conversion rates and up to a 270 per cent increase in content consumption for you).

It's true that social is an essential channel for the modern marketer but will only truly reach its potential when integrated into the overall marketing mix – giving all your marketing programmes a 'social lift'. And don't assume that it's completely 'free', as it still requires resources: time, effort and budget for professional and meaningful execution.

So 'community' links these three trends. Social media provides a platform to engage directly and show personality; content gives something to trigger that engagement and represents an altruistic gesture; and personalisation creates a more thoughtful, human interaction.

Content is key, but it's nothing without buy-in

At Deloitte, being in and among our clients and part of their conversations is central to how we build relationships with them. We are definitely seeing the importance of content, social media and personalisation increasing. Tailored and personalised content shared via social media is a powerful communications tool. However, it is not one that is easily navigated.

Of course the technology is available to allow us to bring our content, audience and Deloitte people together – and we already do this to a certain extent. The greater challenge is making sure each segment is contributing – good content is the starting point, but without the interest of our audience and people, we won't earn our place in the conversation. It also means that 'marketing' is something that is found throughout the organisation; it cannot solely be the domain of marketing professionals, rather we enable the conversation to happen. Our clients want to build relationships with, and buy from, well-informed and connected people. We see it as our duty to give our people something of value to share – proudly – with their clients.



Annabel Rake
Brand & marketing director, Deloitte and executive council member of the BMC

1.4 Ones to watch: big data, mobile and automation

Alongside these more widely recognised trends, three developments are on the radar of some but not all – 14 per cent place big data in their 'top three' trends, eight per cent do so for mobile and eight per cent for marketing automation.

There are of course two ways of looking at this. Perhaps these three areas are simply old news – they are yesterday's trends and today's norms. Or maybe they're set to become the big trends of tomorrow. Our money is on the latter.

Experience is everything

Marketing hasn't changed. The customer has always been king (or queen). The thing that links the trends identified by this report is the customers' buying journey.

We already know the B2B buyer's journey has moved online and the hand off between sales and marketing has shifted. Marketers must now decide how to take those buyers on the most compelling, unique and best journey possible so they have a good experience with their brand.

Good experiences mean receiving the right message, at the right time, through the right channel. To achieve this effectively we need big data (or the right data). Data is a basic need for B2B marketers and is an area of never-ending iterative improvement. New digital marketing techniques allow us to target the known and the unknown universe of buyers so interactions feel truly personalised. Better data means better targeting and better responses. We then need data to analyse our performance and most importantly, gather insight for the next campaign.

The user's experience spans social, display advertising, search, email and offline channels. In B2B we've been tackling new channels as they arise but some have a bigger role to play than others. Areas like mobile haven't 'taken off' because for B2B it doesn't mean creating a cool new app. It means using responsive design so your message can be viewed on a mobile device and using SMS messages in your multichannel campaign. It's happening now.

Creating a good experience for customers means that marketers need to join up the dots of data, content and channels. So far, marketing automation is the best way to really scale creating these compelling, unique, personalised journeys for our customers.

The basics of marketing still apply, but there are amazing techniques and technologies out there today to help us give our customers the best possible buying experience. It's an exciting time in marketing.



Sylvia Jensen
Director of EMEA marketing, Oracle Marketing Cloud and executive council member of the BMC



Lawrence Mitchell
CMO, Reed Business Information

Are B2B marketers stuck in manual?

It was very interesting to see that only eight per cent of marketers are planning to implement marketing automation technology. I suspect we'll see steady growth here as the technologies mature and we see more success stories.

At RBI, we implemented marketing automation over five years ago and it has underpinned and enabled vastly improved external engagement with our content, brought sales and marketing teams closer together and helped us work in a much smarter way.

Nothing new under the sun

The research reflects what we see among our 'always on' and '@work' business customers: as marketers, we need to find the ways to deliver engaging content, through multiple channels in the ways that are readily digestible and relevant to helping them solve their business issues and provide real-time insight to enable constant improvement.

Is big data the new oil? Is content marketing really new? These trends are inter-related not separated.

Great marketing has always been about great data insight driving rigorous understanding of customers' needs, use of channel preference (such as social and mobile) and interests, then delivering relevant content in an informative way (oh...and using effective technologies).

What this shows is that we need to integrate:

- Customer and market insight across the organisation.
- Marketing deployment across channels.
- Priorities across functions.

It's becoming increasingly clear that those marketers (and their organisations) who can do this effectively and with agility will win the greatest ROMI (return on market investment).



Simon Rose
CMO, Experian and
executive council
member of the BMC

1.5 Three challenges: Resources, ROI and keeping pace with change

It's a busy world these days, and if we asked anybody what their top challenges at work were, we'd likely be met with the answer 'I don't have enough time or money'. This was true too of our marketers – 30 per cent named a lack of time and budget as their most significant challenges.

Linked to this, one in five (17 per cent) cite 'demonstrating importance' as a key challenge. To secure the budget and resources needed, proving the potential for ROI is, and always has been, of paramount importance.

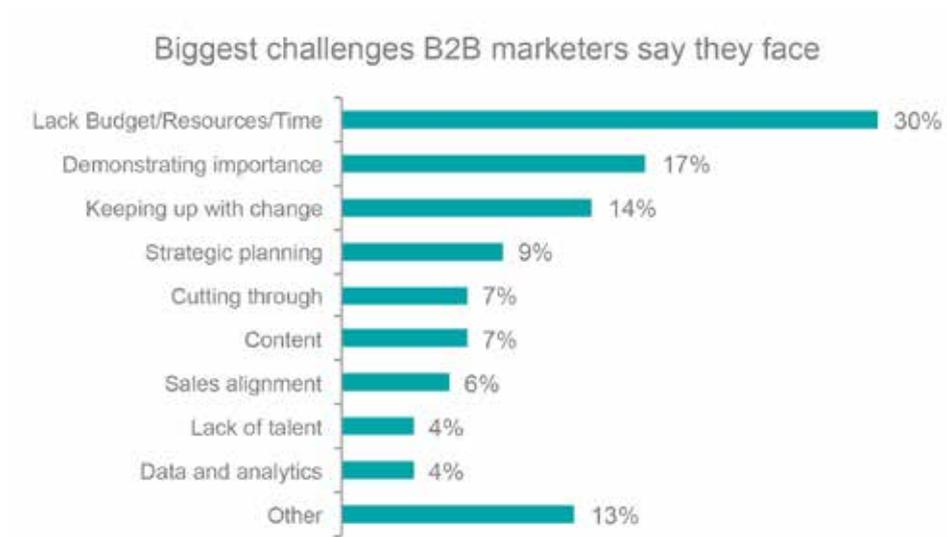


Figure 5 Q. What are the biggest challenges you face as a marketer?

If we look past these perennial challenges one new development rears its head - 'keeping up with change' (named by 14 per cent). This means several things:

- Marketing technology is advancing at a pace.
- Channels are fragmenting and integration is becoming more complex.
- The major trends seen earlier need to be addressed.

So life as a marketer may be rewarding, but isn't always straightforward. Often there's a need to run just to stay still.

Section 2: The little picture

2.1 Channels are moving online. And we're not just talking about BBC3

Marketers are obviously a sociable bunch. We saw last year that 'trade shows' topped the list of channels B2B marketers spend their budgets on and they've held their place this year; again accounting for 15 per cent of overall spend.

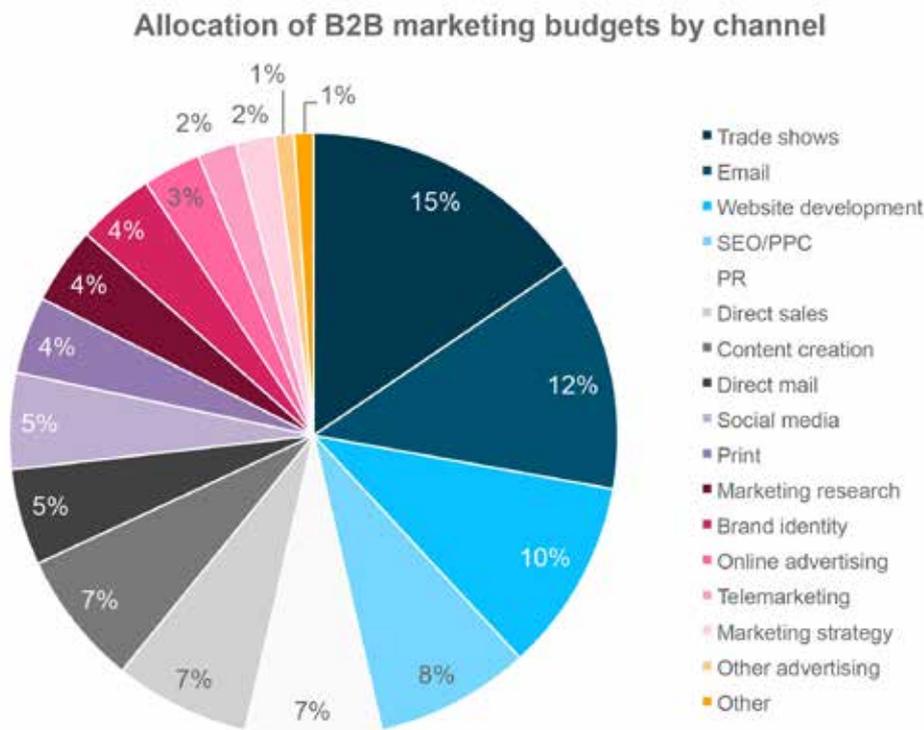


Figure 6 Q. Over the next 12 months, roughly what proportion of your organisation's B2B marketing budget do you expect to be allocated to each of the areas listed?

However, after a brief dip in Q3 2011 and Q2 2012 the rise of digital channels seems to have gained new momentum. Digital now accounts for 39 per cent of spend.

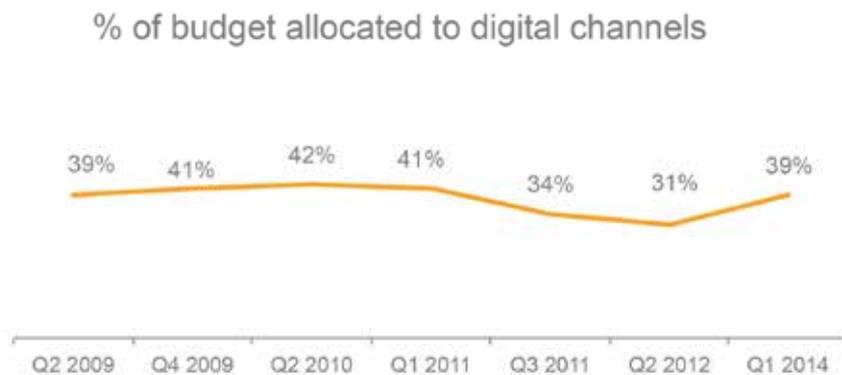


Figure 7 Q. Over the next 12 months, roughly what proportion of your organisation's B2B marketing budget do you expect to be allocated to each of the areas listed?

And when we look at what people expect to spend in the next 12 months compared to the last, the move towards digital continues. The top five 'net increased' spend areas are 'content', 'social media', 'SEO/PPC', 'website development' and 'email campaigns'. Four of these five are exclusively online channels, and content is arguably predominantly shared online now too.

'Online advertising' is not set to increase much but will hold firm, which when compared to a net decrease of 22 per cent and 26 per cent respectively for 'print' and 'other' advertising, is yet more evidence of this trend. Investment in direct mail is also set

Net planned change in spend by channel

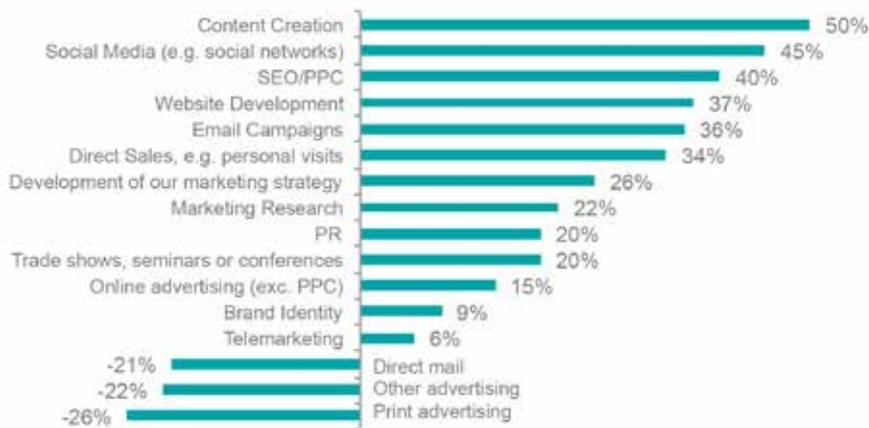


Figure 8 Q. When you compare the next 12 months to the previous 12 months, do you expect to spend more or less in each of these areas?

Does this mean then that traditional channels are being usurped by online ones? Not necessarily. Trade shows are no new thing and yet they are still the biggest marketing channel in terms of spend. And of course, all this talk of growing and declining channels suggests it's an 'either/or' game; in reality most marketers adopt an integrated approach that sees digital channels complementing non-digital, and vice-versa.

We feel that a better explanation is that an underlying current is advancing the digital expansion and that current is greater interactivity. Social media, content and data work together to provide a much more personal experience for the customer and it is this interactivity that marketers want. Trade shows and other face-to-face channels can also provide it, which is why they are still important. Perhaps then, rather than 'traditional' channels being on the decline it is more 'broadcast' channels, which do not interact with the customer, that are losing out. This is evident in the low prioritisation of things like 'print advertising' and 'direct mail' and although 'email campaigns' are still key,

2.2 Usage vs. spend relationship

	% that use	% of spend if used
Direct Sales	34%	21%
Trade shows	75%	20%
SEO/PPC	46%	16%
Email Campaigns	79%	15%
Website Development	75%	14%
Content Creation	61%	12%
PR	59%	12%
Telemarketing	21%	12%
Direct Mail Campaigns	47%	11%
Print Advertising	39%	11%
Social Media	56%	10%
Brand Identity	41%	9%
Online advertising	34%	9%
Marketing Research	46%	8%
Development of our marketing strategy	28%	7%
Other Advertising	20%	5%

this is likely to be simply due to them being cheap.

Figure 9 Q. What channels do you use and how much budget do you allocate to them?

The final thing to note is that some channels seem to be 'all-or-nothing'. 'Direct sales' and 'telemarketing' are used by a lower percentage than most channels, but this far from makes them irrelevant. The former only takes up seven per cent of spend on average but if we look at just those who use it, it takes up a massive 21 per cent of their spend. Similarly 'telemarketing' averages at two per cent but jumps to 12 per cent when looking at just those who use it.

It seems as though marketers only see these channels as useful when used in large quantities and so they are often left aside entirely. This contrasts with something like 'social media', which more than half of companies spend some money on but generally in smaller amounts.

2.3 A closing thought

There are as many definitions of marketing as there are marketers. In essence though, they all relate back to the general idea of understanding customer needs and persuading them that your solution is a better fit than the competitors'. This means that marketers are the customer's champion – they understand them, create solutions for them and inform them. This is a constant, but the tools and skills needed to turn theory into reality are evolving.

Many of the trends explored in this wave of the *B2B Barometer* seem to suggest that today's marketer has three options if they want to remain the organisation's bridge to the customer:

1. They could develop five critical attributes in themselves and their team. They will become part customer champion, part data analyst, part technologist, part publisher and part creative.
2. They could align with other parts of the organisation such as IT to create a cross-functional team that collaborates for the greater good. However, this is likely to be a challenge – after all, many struggle to persuade even their cousins in sales to work together.
3. They could carry on 'as is' and hope for the best. Perhaps they will remain the company's best bridge to the customer, but maybe this role will be given to others whose skills seem more relevant in the new world.

Which path will you choose?

Join the Business Marketing Collective

To help shape the future of B2B marketing, join the BMC.

Go to businessmarketingcollective.com for more information
email amie.bakker@businessmarketingcollective.com
or call 020 7438 1370



bmc
business marketing collective

Business Marketing Collective
Silver Bullet Publishing
Clover House
147-9 Farringdon Road
London
EC1R 3HN

