

B-to-B Marketing in 2008: Trends in Strategies and Spending

**A report on findings from a study conducted by
MarketingProfs in conjunction with Forrester Research**

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Executive Summary

As business-to-business marketers began to turn their attention from implementing their 2007 plans to formulating new ones for 2008, MarketingProfs and Forrester Research teamed up to understand the issues on their minds and the trends that are likely to emerge.

The goal was to gain insight into the issues marketers are facing, how they are likely to address those issues, and the obvious impact their decisions will have on marketing and communications as we move into a new year.

Based on the perspectives shared by executives and marketing managers across a broad range of industries, sectors, companies and marketplace situations, we found a continuing escalation of the focus on “new media” – tactics enabled by and based on Internet technology – and a somewhat less pronounced emphasis on many traditional tactics.

In terms of budgets, almost half of respondents anticipate an increase in 2008 (over 2007), with average growth expected to be 26%. Just 6% expect a budget decrease, with an average amount of -18%. (45% expect no change.)

Not surprisingly, respondents report that new media serve multiple purposes within the marketing structure – primarily in product marketing, corporate communications and field marketing – while traditional tactics have, for the most part, continued to serve more traditional branding and advertising needs.

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Research Objectives

This study was conducted to gain initial insight into expected changes in business-to-business marketing strategies and budget allocation in 2008. The intent is to provide helpful guidance to companies planning their own marketing mix allocations.

Methodology

During the 3rd quarter of 2007, MarketingProfs and Forrester Research recruited marketing and other management professionals from the MarketingProfs database of more than 300,000 individuals and the Forrester business-to-business panel. In that process, 462 professionals responded and were surveyed on a number of issues/questions relating to current and anticipated marketing strategies, tactics, budget, attitudes and administration. Forrester took the lead in drafting the survey instrument and managing the survey process.

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Survey Participants

The composition of participants spans a wide spectrum of industries and company sizes, as detailed on the following pages. Those having less than \$100 million in annual sales represent almost half of the total, those between \$100 million and \$1 billion comprise 15% of the sample, and 24% report higher revenues. (12% did not answer the question.)

40% of respondents claim to have a marketing budget of under \$1 million. 21% report a budget of between \$1 million and \$4.9 million, and 17% indicated marketing spending of \$5 million or more.

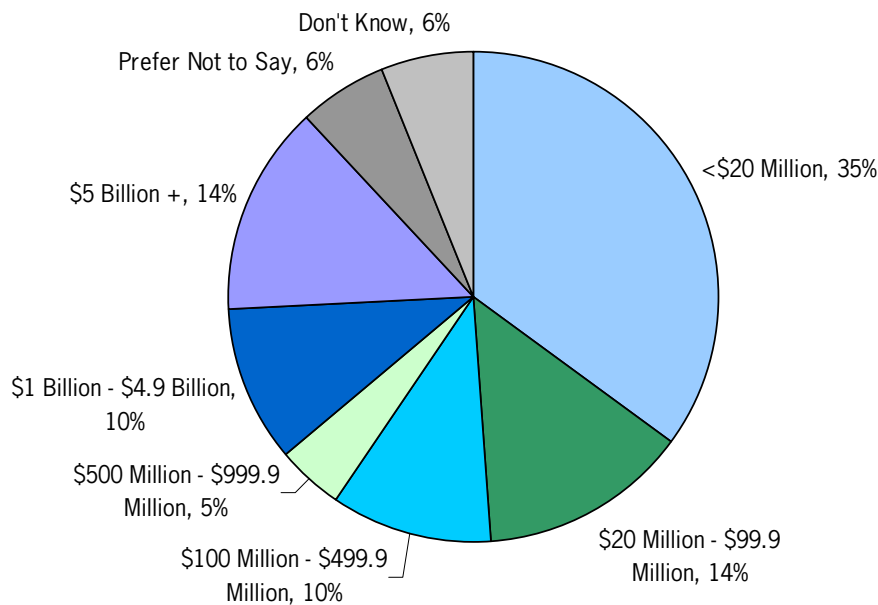
The respondents are mostly marketing directors and senior executives who represent a broad range of industries, with particular concentration in business services and manufacturing/high-tech/primary production. They report using a wide variety of marketing tactics to accomplish their objectives.

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Current Revenues

Respondents are from companies of all sizes. Almost half of respondents reported that revenues for the then-most-current fiscal year (2006) were less than \$100 million, with 15% claiming sales between \$100 million and \$1 billion. 24% reported revenues of \$1 billion or higher.

Total = 421 respondents

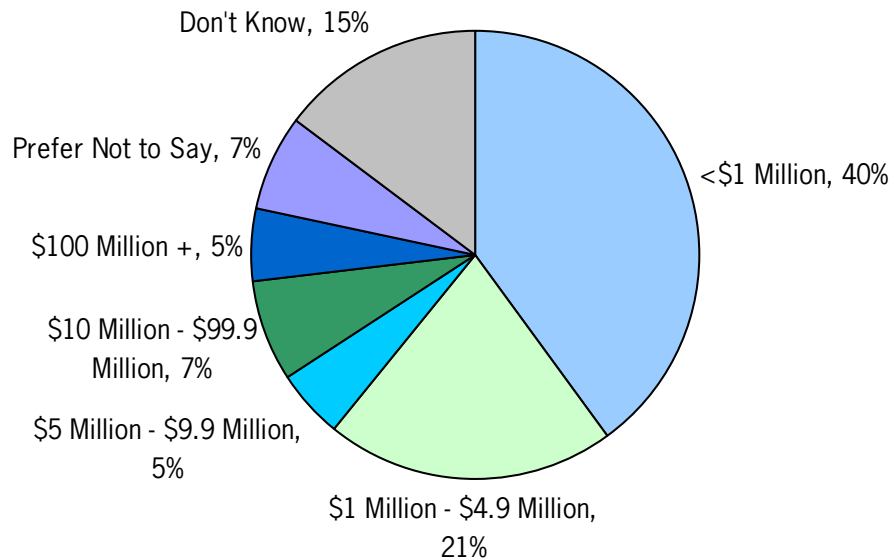


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Current Marketing Budget

Respondents predominantly report marketing budgets for the most recent fiscal year (2006) of less than \$5 million, with 40% saying their company's spending is under \$1 million. 21% claim to have a budget of between \$1-4.9 million, and 17% report a budget of \$5 million or higher.

Total = 414 respondents

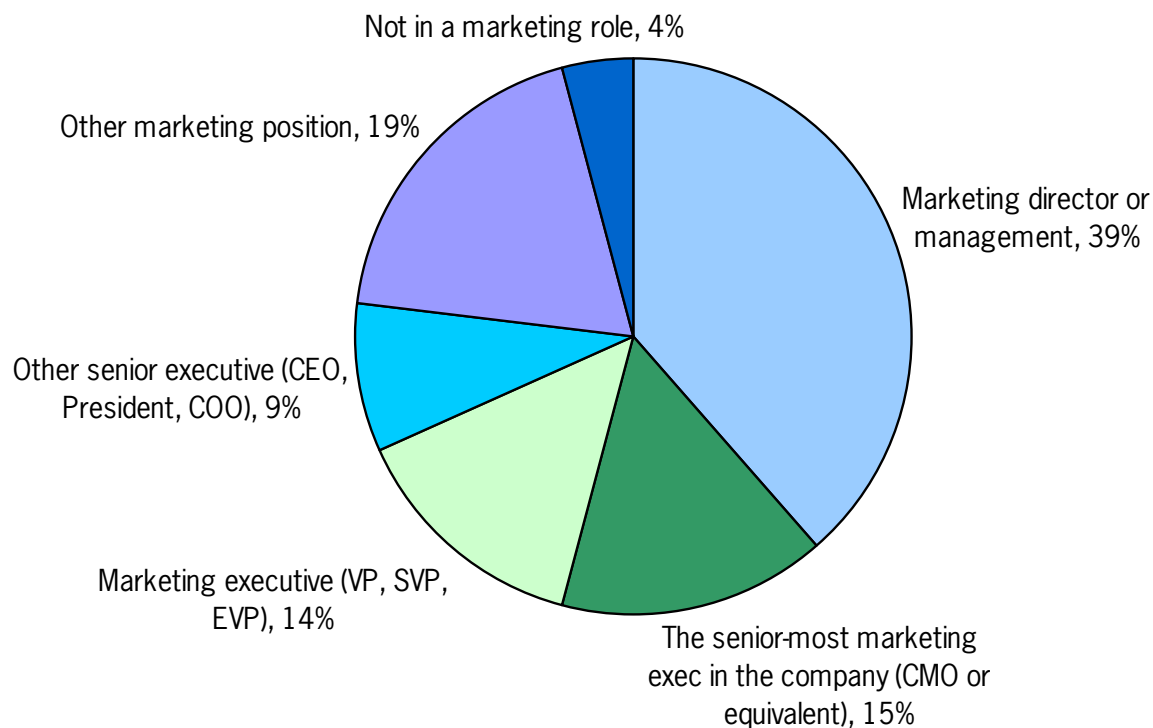


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Respondent Title/Position

Respondents are mostly marketing directors and senior marketing executives, with 39% of respondents in the position of Marketing Director or Manager and 15% serving as the top Marketing officer. 23% are in top management, although not necessarily in a marketing-specific role. 19% hold other marketing positions.

Total = 462 respondents

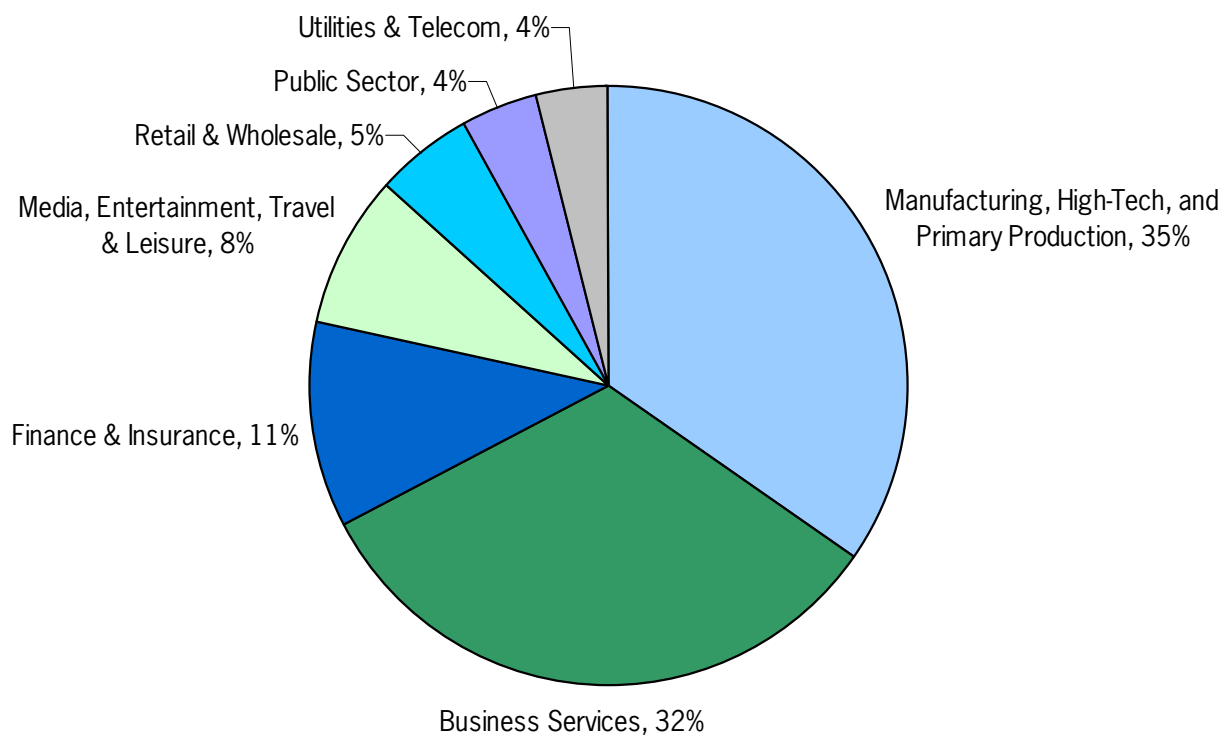


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Industry Group

Respondents represent a broad range of industries, with particular concentration in the diverse Manufacturing/High-tech/Primary Production segment (35%) and in Business Services (32%). 11% are in Finance/Insurance, and 8% classify themselves in the broad category of Media/Entertainment/Travel & Leisure. No other sector accounts for more than 5% of respondents.

Total = 428 respondents



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Tactics, Budget Allocations and Expectations

We asked respondents about the tactics they use to impact several areas within marketing – including lead generation, communication of key messages, and brand awareness. Additionally, we gathered data from respondents with regard to current budget allocations and anticipated changes for 2008.

We expect that their responses, taken collectively, will help to paint a picture of the landscape for marketing across all segments in the coming year. This can be useful as individual companies set their strategies and lay their marketing plans, and as they begin implementing those plans, in 2008.

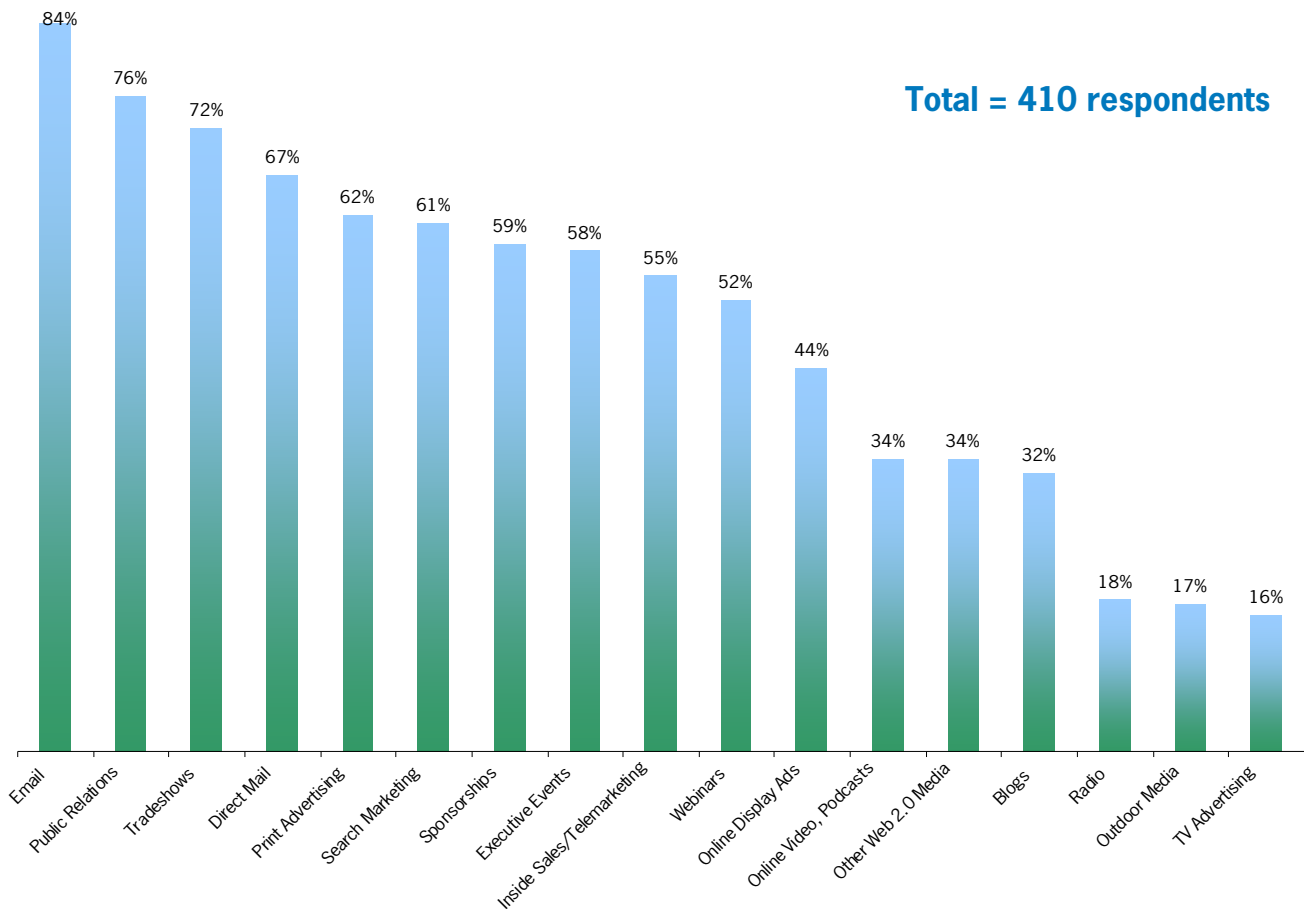
While we recognize that actions do not always follow predictions or forecasts, we think the overall sense of what the findings convey is probably an accurate picture of the future. At a minimum, they reflect the opinions and expectations of hundreds of marketing decision-makers who comprise the sample of respondents in this study, and cover a very broad range of industries, sectors, product categories, and company situations/sizes.

Also, we think the findings reflect a pattern or trend that is evident in the marketplace today and suggest that the pattern is likely to continue in 2008.

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Marketing Tactics Used

Respondents report using a wide variety of marketing tactics to accomplish their objectives. They tend to employ Email more often than any other tactic (84%), followed by PR (76%) and Tradeshows (72%). Aside from Email, Search Marketing (61%) and Webinars (52%) are the only other *digital* tactics that are used more than half the time. Fewer than 1 in 5 use TV Advertising (16%), Outdoor Media (17%) or Radio (18%).

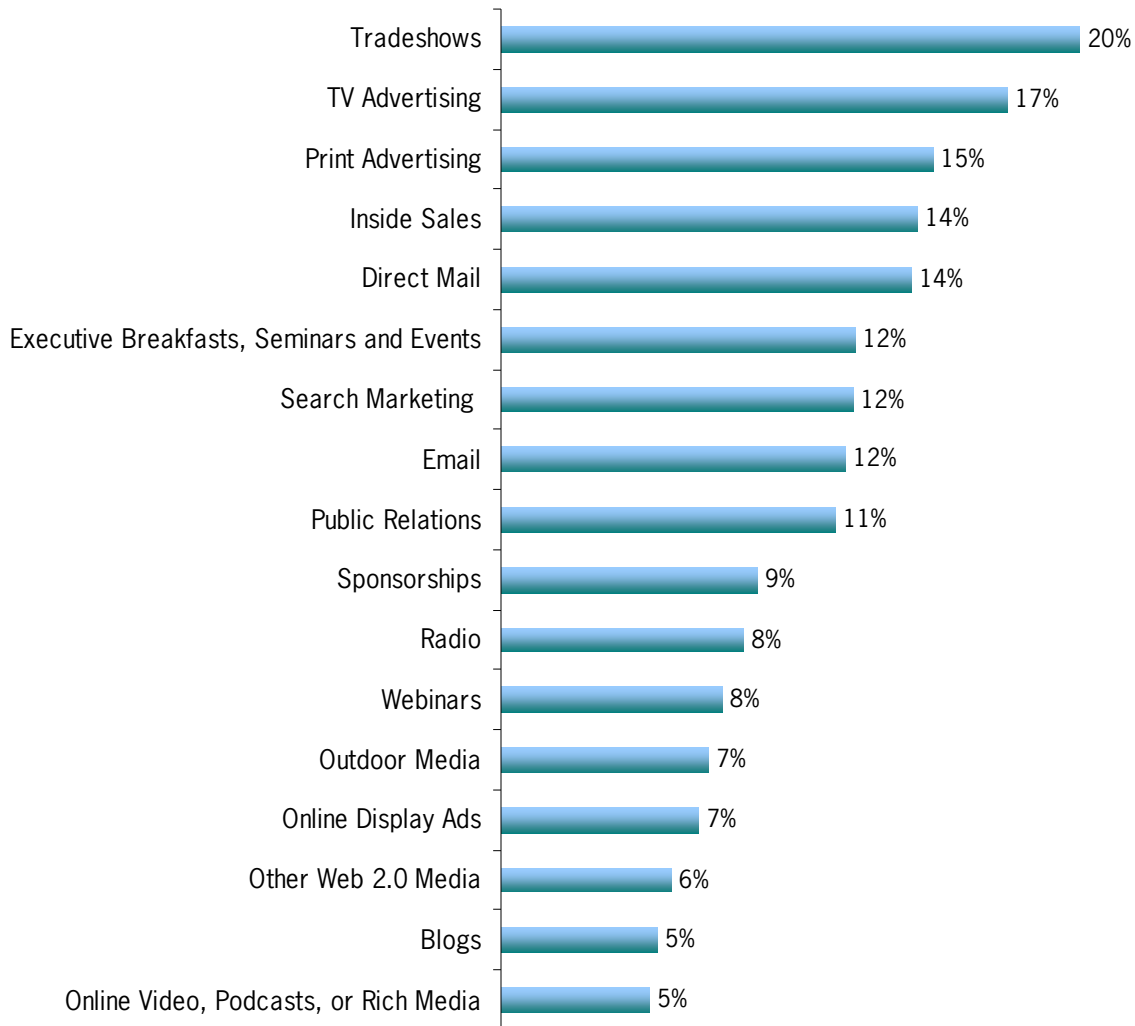


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Budget Proportions by Tactic

On average, among those who report using each tactic, Tradeshows represent the biggest share of the marketing budget at 20%, followed by TV Advertising (17%). The smallest outlays are dedicated to Online Video (5%) and Blogs (5%).

Base = varies by tactic

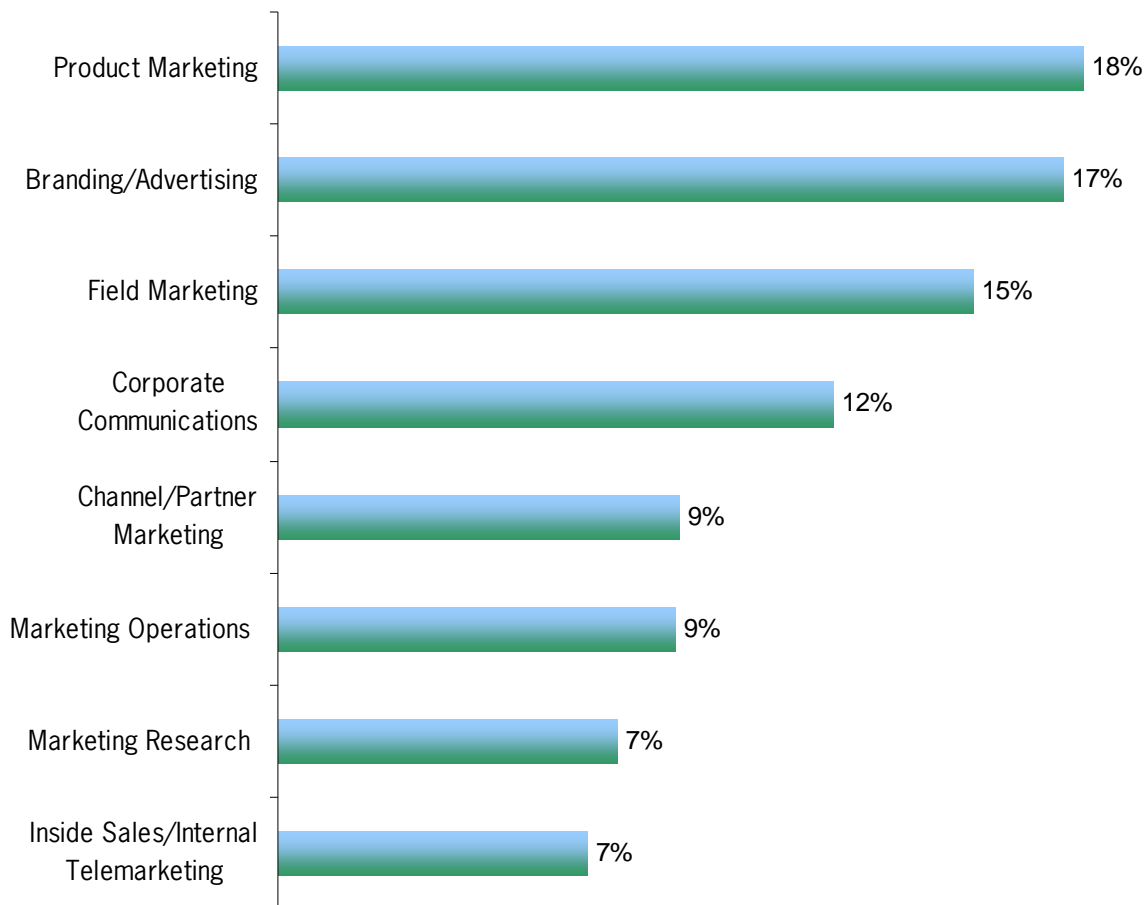


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Marketing Area Budget Proportions

On average, about half of respondents' marketing budgets were devoted to Product Marketing (18%), Branding/Advertising (17%) and Field Marketing (15%). Inside Sales and Marketing Research each received the smallest proportion, about 7% annually.

Base = 414 Respondents



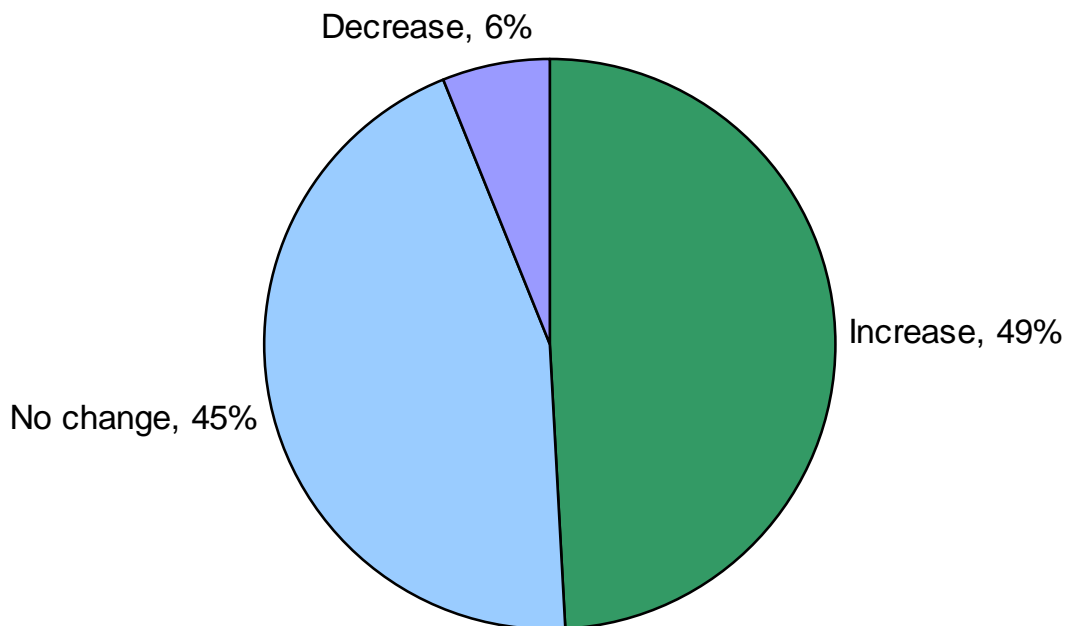
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Expected Budget Changes in 2008

Nearly half of respondents plan to increase their marketing budget in 2008, with an average increase of 26%. The proportion anticipating a decrease is much lower (6% of respondents, with an average decrease of 18%).

Base = 437 Respondents

Average anticipated decrease: 18%



Average anticipated increase: 26%

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Expected Budget Changes by Area

The majority of respondents do not anticipate changes in budgeted non-program spending during 2008 in any area. That said, the proportions expecting increases outnumber those expecting decreases in every functional area.

Product Marketing, Branding, Channel/Partner Marketing and Marketing Operations are most frequently cited as areas expected to consume more of the marketing budget in 2008, with increases expected most often in Product Marketing (42%) and least often for Inside Sales/Telemarketing (23%).

Base = 387 Respondents

	Decrease	No Change	Increase
Product Marketing	6%	52%	42%
Branding/Advertising	10%	51%	39%
Channel/Partner Marketing	9%	53%	38%
Marketing Operations	10%	53%	37%
Corporate Marketing	9%	60%	32%
Marketing Research	9%	61%	29%
Field Marketing	10%	64%	26%
Inside Sales/Internal Telemarketing	14%	63%	23%

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Marketing Budget Changes by Tactic

Of those currently using each tactic, Online Video and Search Marketing are the tactics expected to grow by a majority of respondents, with more traditional tactics (e.g., broadcast and print advertising, direct mail and tradeshows) expected to decline by 20% or more. Online Video and Search Marketing are expected to show the greatest increases (55-56% each) in 2008. Over half of respondents also intend to increase spending on other Web 2.0 media (52%) and Webinars (51%).

Base = varies by tactic

	Decrease	No Change	Increase
Online Video, Podcasts, or Rich Media	4%	40%	56%
Search Marketing	4%	41%	55%
Other Web 2.0 Media	3%	45%	52%
Webinars	3%	46%	51%
Executive Breakfasts, Seminars and Events	8%	46%	46%
Public Relations	6%	52%	42%
Blogs	7%	52%	41%
Email	8%	51%	41%
Online Display Ads	14%	45%	41%
Inside Sales	12%	51%	37%
Sponsorships	18%	54%	28%
Tradeshows	22%	51%	27%
TV Advertising	25%	51%	24%
Outdoor Media	18%	58%	23%
Print Advertising	27%	50%	23%
Direct Mail	22%	56%	23%
Radio	22%	57%	21%

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Attitudes and Their Implications

Finally, we asked respondents about their attitudes and beliefs regarding the effectiveness of various tactics, the applications of tactics to accomplish different objectives, and the overall climate with regard to evaluating and tracking marketing performance. We were then able to compare perceived effectiveness with frequency of use to see what dichotomies or patterns might emerge.

As shown on the following pages, fewer than half of respondents believe any of the available tactics are highly effective at generating sales leads, with Executive Breakfasts/Seminars, Inside Sales and Webinars leading the list. When it comes to communicating messages, Executive Breakfasts/Seminars and Email are judged as highly effective by just over half the respondents. For impacting brand awareness, only TV Advertising and Public Relations are seen as being highly effective by more than half of respondents.

In terms of relevance to accomplishing key objectives, traditional media are seen as being most often appropriate for Branding/Advertising, while “new media” are more important for Corporate Communications.

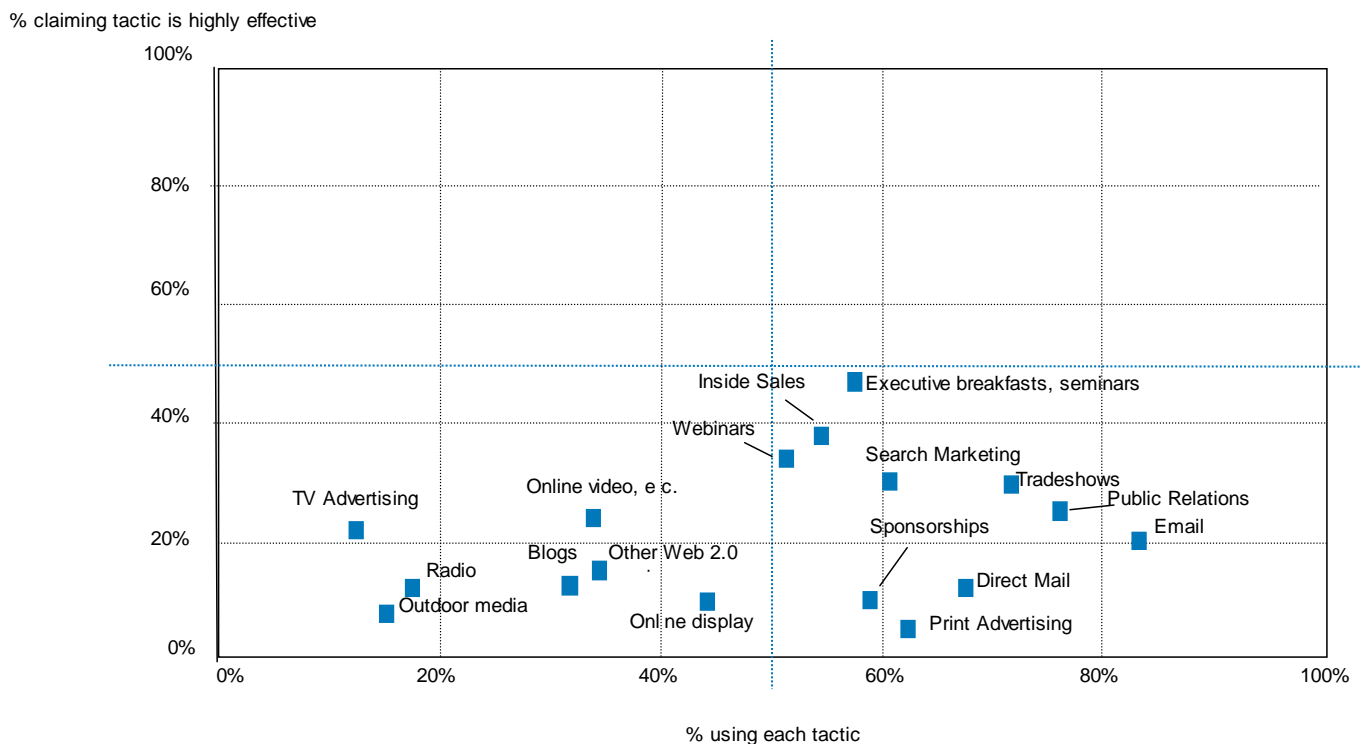
In general, a significant majority of respondents see evaluation and measurement of marketing effectiveness to be of high importance in the current climate and claim to utilize a range of techniques to ensure they are accurately tracking their marketing programs.

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Tactics Generating Leads

From an attitudinal standpoint, while none of the tactics evaluated are considered highly effective (for generating leads) by more than half of the respondents, Executive Breakfasts/Seminars is the tactic reported highly effective most frequently (47%). Inside Sales (39%) and Webinars (33%) are the next most successful tools for lead generation. Fewer than one in ten find Print Advertising or Outdoor Media to be useful at generating leads.

Base = varies by tactic

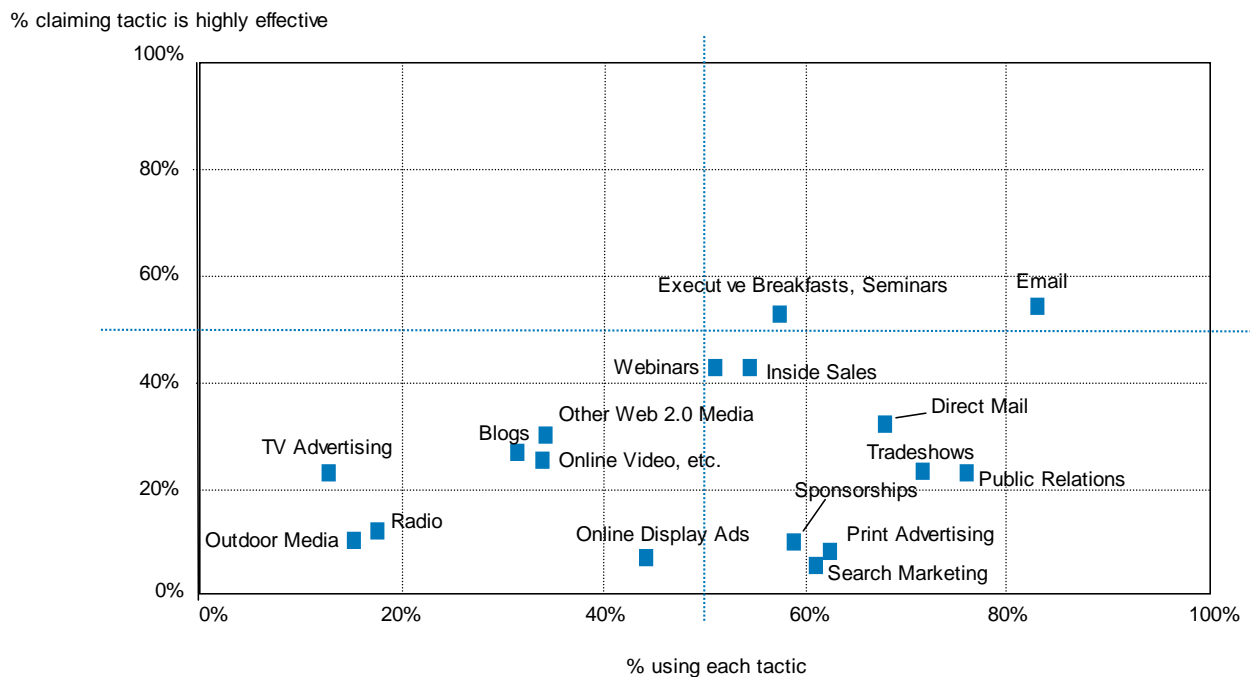


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Tactics Communicating Messages

When it comes to communicating brand/company messages, more than half of respondents believe that Email (56%) and Executive Breakfasts/Seminars (52%) are highly effective, both of which are utilized by the majority of respondents. Webinars and Inside Sales are seen as the next most successful tactics. Respondents report considerably less success at message communication with Search Marketing (5%), Online Display Ads (8%) or Print Advertising (10%).

Base = varies by tactic



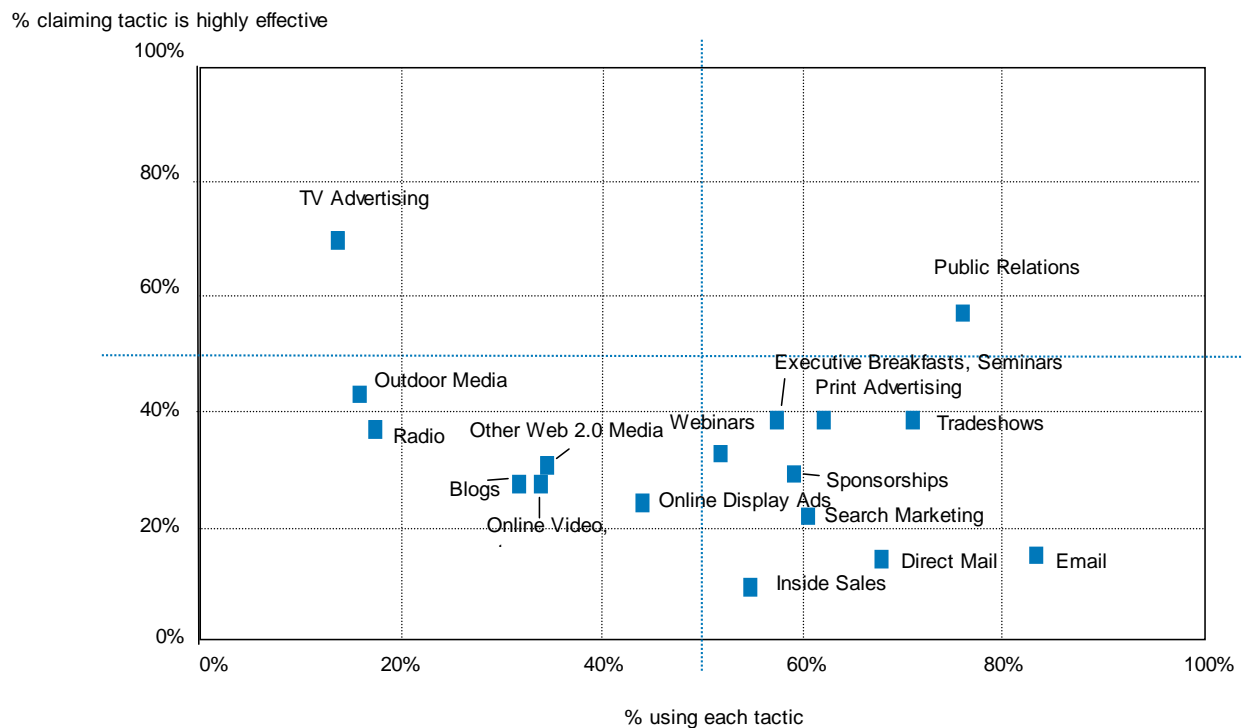
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Tactics Impacting Brand Awareness

Television Advertising and Public Relations are the only tactics that respondents consider as being highly effective in generating brand awareness the majority of the time. Of those tactics used more than half of the time, only Public Relations is judged by a majority of respondents (58%) to be highly effective in generating brand awareness. Relatively few respondents report using TV Advertising (16%), but 70% perceive this tactic as being highly effective in spreading brand identity.

Inside Sales (11%), Direct Mail (17%), and Email (18%) are believed to have the weakest impact on brand awareness.

Base = varies by tactic



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Application of Tactics

The chart below shows the areas to which tactics are assigned. Traditional advertising is considered a tool for Branding/Advertising. Web-based tactics serve several different purposes. Public Relations (63%), Blogs (43%), Online Video (31%) and Other Web 2.0 Media (35%) more typically serve Corporate Communications needs, while Inside Sales (43%) and Executive Events (31%) frequently address Field Marketing needs. Webinars (34%) and Direct Mail (30%) are generally seen as Product Marketing tactics.

Base = varies by tactic

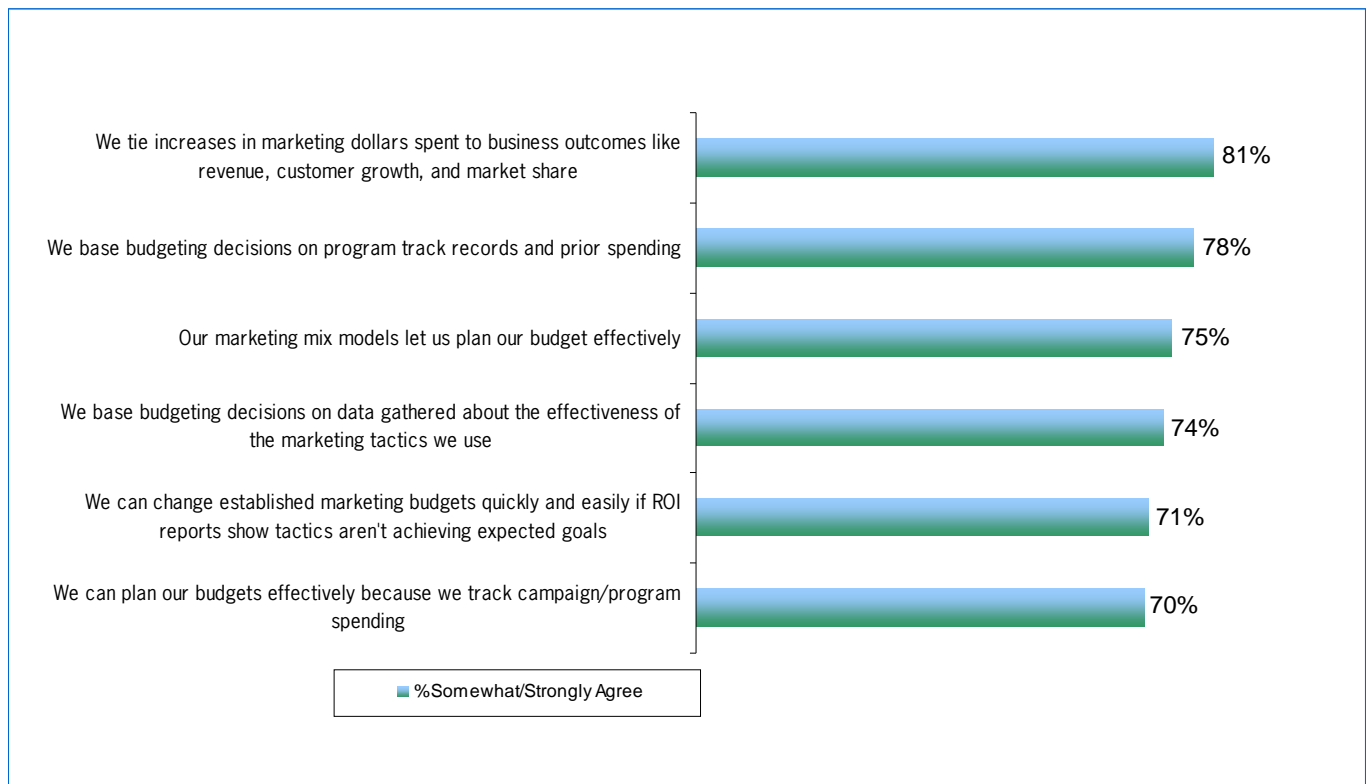
Marketing areas addressed by tactics...						
Tactic	Branding/ Advertising	Channel Marketing	Corporate Communications	Field Marketing	Product Marketing	Other
TV Advertising	60%	0%	22%	4%	13%	2%
Outdoor Media	60%	7%	17%	2%	12%	3%
Print Advertising	50%	3%	22%	5%	15%	5%
Radio	47%	3%	22%	5%	19%	5%
Online Display Ads	33%	6%	22%	10%	23%	6%
Sponsorships	27%	6%	34%	16%	10%	6%
Search Marketing	25%	7%	30%	9%	22%	8%
Online Video	21%	5%	31%	11%	27%	5%
Other Web 2.0 Media	19%	5%	35%	15%	15%	11%
Blogs	17%	2%	43%	8%	21%	10%
Direct Mail	14%	8%	20%	21%	30%	7%
Public Relations	14%	1%	63%	6%	9%	7%
Tradeshows	13%	9%	25%	25%	22%	6%
Email	12%	10%	28%	19%	24%	8%
Executive Events	9%	10%	27%	31%	14%	9%
Webinars	8%	7%	22%	23%	34%	6%
Inside Sales	1%	11%	10%	43%	15%	19%

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Accountability for Performance

Marketers are certainly being held responsible for returns on spending and the ultimate outcomes in terms of various business measurements. More than 70% claim to have systematic measurements in place that tie marketing success to business outcomes.

Base = 383 Respondents



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Summary/Conclusions

For business-to-business marketers, overall spending will probably increase in 2008, as about half of respondents anticipate spending more in 2008 than they did in 2007, while only 6% anticipate spending less. Further, web-based marketing tactics are expected to increase in importance, with traditional media more likely to decrease. Responsibility for web-based marketing is more likely to be shared across functional specialties than responsibility for traditional marketing.

Marketers will continue to evaluate available tactics and observe which can be used to generate the highest degree of success in achieving marketing objectives. Additionally, executives in all areas of marketing will continue to diversify their approaches and seek to implement new tactics in order to efficiently address multiple purposes and needs.

There continues to be significant pressure on marketers to set clear objectives, plan tactics carefully, and measure results. Marketers who have yet to add digital approaches such as Online Video, Podcasts, Search Marketing, Web 2.0, and/or Webinars to their repertoire might consider experimenting to see if these can be successful additions to their marketing arsenals.

A more-detailed release of this report is expected in early 2008, with specific focus on business segments and sub-segments. This greater detail may provide more insight into which organizations may drive changes in marketing trends and utilization of traditional and new tactics. The 2008 release will also include findings from additional questions in the survey along both demographic lines and business attitudes.

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