



MARKETING OUTLOOK 2009

Setting The Course for Marketing Strategy and Spend

Sponsored by:



Table of Contents

- 1 Introduction**

- 3 Abridged Key Findings**

- 7 Demographics**

- 10 CMO Council Profile**

- 10 Sponsor Profiles**

The full version of the 2009 Marketing Outlook report contains detailed findings, expanded commentary and deep, detailed data findings including detailed budget allocation intentions, anticipated areas of investment, and an outline of how marketers intend to spend specific to media and advertising.

The CMO Council has also created a more expansive trend-spotting version of the Marketing Outlook report that catalogs data from key questions included in all three years of the Marketing Outlook research. This report also includes data analyzed by region, by company type (B2B, B2C and hybrid) and more.

All versions of the report are now available by logging on to www.cmocouncil.org. For custom segmentation of data and research, please contact Liz Miller, Vice President of Programs and Operations for the CMO Council at 650.433.4152.

Introduction

Perhaps the most surprising finding in the third annual outlook study is that budgets are holding firm despite a recessionary corporate revenue environment. The Chief Marketing Officer (CMO) Council reached a broad population of more than 650 marketers at companies worldwide in a variety of industries and found that marketers are facing an atmosphere inside their own organizations that is somewhat brighter than the bleak overall economy. Marketing, we are happy to report, is not running scared from the economy by slashing budgets and headcount. Instead, marketing is getting back to our key function: driving business and opportunity to sales and owning the customer experience.

The pressure is on, however, for marketers to contribute to the bottom line. Senior executives are demanding that marketers grow market share and improve operational efficiencies. Marketers, for their part, say they're ready to fulfill executive demands and are prepared to hunker down and focus on sharpening internal efficiencies and strategic cost cutting while increasing customer insight and strengthening ties with sales to drive revenue growth.

Realigning operational processes to better support sales and drive demand generation was in fact the top accomplishment for the year, according to respondents. This is a departure from the prior two years of the survey, when marketers cited their top achievement was improving the accountability of the marketing organization. But it suggests an evolution in the CMO's push to assert the marketing operations' contributions to revenue growth that sales and marketing efforts should become more closely aligned.

Oddly, senior marketers aren't seeking to forge stronger ties with line-of-business executives, finance, the CIO or IT groups. Nor are CMOs seeking to expand their sphere of influence across their organizations with a board seat. This is a departure from prior years, when marketers sought to expand their perceived value within their companies, and it's surprising that marketers are voicing limited aspirations to elevate their positions.

The 28 survey questions probed the professional and organizational goals of CMOs as well as how marketers measured their contributions to their organizations, what broad market factors were influencing CMO priorities for program and technology spend, plans for budget and headcount, and allocations for the coming year.

Marketers will be relieved to learn that CMOs don't anticipate broad cuts in headcount. And those on the agency side will be pleased to learn that global marketers are largely preserving relationships with outside providers. In addition, marketers say they would rather re-skill existing internal marketing team than replace them with new talent. The primary thrust of this push for training will be in the digital media competencies, and this is the area most primed for change of agency talent among marketers considering a shift.

Online media and digital channels of engagement are taking center stage like never before according to marketers, who are universally looking to enhance talent, expand competencies and sharpen measures and metrics for performance. This means rougher roads ahead for traditional print and television demand generation channels as marketers say they're planning to divert spending from traditional media and pump more money into interactive and online channels.

As for technology spending, marketers favor tactical capabilities and point solutions over more transformative systems and processes that automate marketing operations and improve marketing intelligence and data management. Email marketing and online surveys and research lead the areas of investment. This reveals a disconnect between the investments marketers are making and what they hope to achieve with new technologies. Marketers are seeking to gain greater efficiency and campaign effectiveness from their tech investments, ultimately to populate the bottom line metrics they're using to report their effectiveness with senior executives.

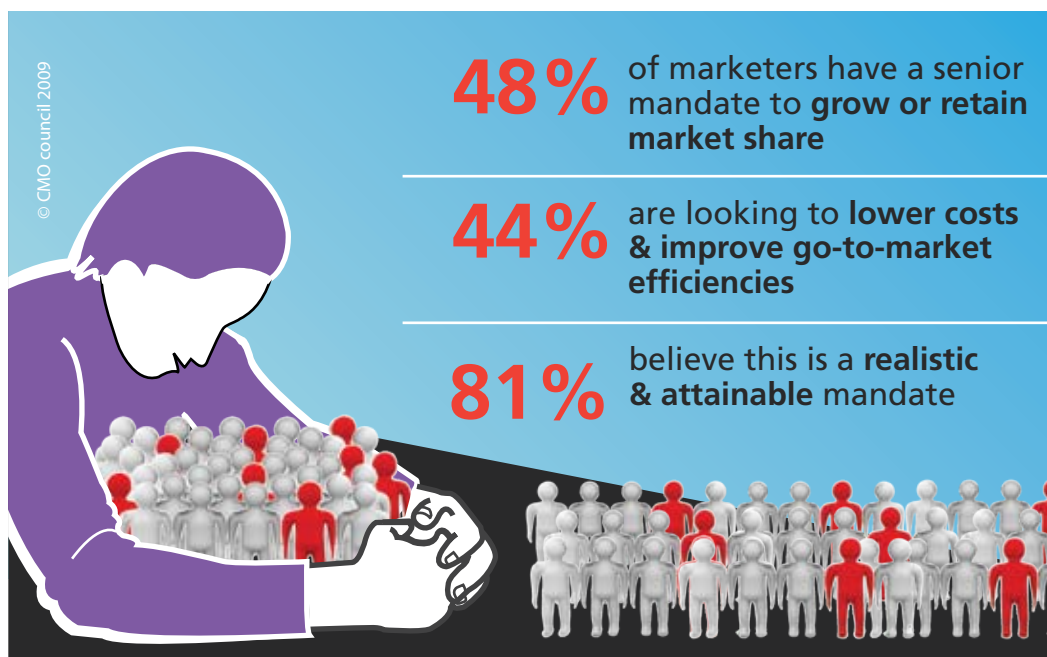
Our 2009 Marketing Outlook Report is an integral measure of what's to come in marketing spend and allocation priorities and the leading barometer of the CMO's growth and development. But it is also a guidepost to measure how senior marketers are evolving the position, elevating it in business importance and authority.

Abridged Key Findings

Customer anxiety and cutbacks are the biggest factors influencing marketing budget allocation in 2009, reports the Chief Marketing Officer (CMO) Council in its annual Marketing Outlook study. Despite a restrained economy, however, marketers see budgets holding up fairly well with dollars being stringently controlled and directed against growing and retaining market share.

The CMO Council audit of over 650 marketers across all regions of the world indicated a disconnect between management mandates for '09 and marketing's limited plans to invest in automation, collaboration and process improvement. More surprising, senior marketers expressed limited aspirations to elevate their positions and forge tighter links with line-of-business executives, finance, the CIO, and IT groups. This year's report was sponsored by the sales and marketing practice of Deloitte Consulting LLC, the Jigsaw business community, and Ad-ology.

Half of the marketers responding to the survey report they're either holding firm on budgets or anticipating increases. Nearly one third plan at least a small budget increase, with 8.2 percent planning a bump of more than 10 percent. However, almost half say they will decrease spending at least somewhat, with 18.8 percent anticipating cuts of more than 15 percent. While there are some signs of retrenchment, marketers are committed to their personnel, which represent 42 percent of budgets, and plan to invest in retraining employees for the digital age, rather than replacing them with new talent. Their efforts to harvest greater efficiency from current operations emphasize sharpening internal processes and alignments within their organization instead of instituting broad restructuring plans or cutting ties with current agency partners.



Marketers are not running scared from the economy. Broad concerns about the economic, stock market and credit downturn are not the leading forces shaping this year's budget planning process. Instead marketers are paying close attention to their customers and responding to changes in the selling cycle. The emphasis is on building internal efficiencies and strategic cost cutting, increasing customer insight, and strengthening integration with sales to drive revenue and market share. There's good news for agencies, too, as marketers are not viewing these relationships as a key to cost reductions.

According to the CMO Council, senior management is mandating that marketing contribute to the bottom line by retaining and growing market share and lowering costs through greater go-to-market efficiencies. Most important is that marketers are confident they can deliver by focusing on execution via clearly defined goals, improving operational controls, and analytics to help guide resource allocation. While hunkering down, marketers are also gaining increased confidence in the effectiveness of digital marketing investments as digital begins to comprise the majority of demand generation spend.

Digital marketing has also moved well beyond search as social media and experiential marketing continue to grow and evolve. Savvy marketers are applying collaboration marketing methods as a central component of their efforts to maximize customer lifetime value in the digital economy.

Despite marketer's general confidence, their investment plans in simple, task-specific marketing software applications, and lack of spend in more comprehensive operational and data management systems, suggest a critical disconnect in how they hope to achieve executive goals. Also, disconcerting is a limited interest in forging deeper relationships with the IT function. Only 9 percent say they are looking to work more closely with the CIO and IT department.

SETTING CLEAR GOALS & TRACKING DELIVERABLES
will be a key strategy to marketing operational efficiency
according to **61%** of respondents.

© CMO Council 2009

Marketers will also:

- **Improve alignment & integration** with sales & channel groups
- **Improve analytics** to support resource allocation decisions
- **Optimize operational visibility & control** to better account for spend
- **Increase focus** on digital media & interactive marketing talent



Key findings reveal:

- Global marketers say realigning operational processes and capabilities to better support sales and drive demand generation was their top accomplishment for in 2008, followed by improving performance and accountability for their organizations.
- Customer anxiety and cutbacks are the number one force impacting budget allocations in 2009, followed by slower selling cycles and reduced consumer spending. Only 14.9 percent point to financial market disarray as a determining factor.
- Retraining and developing existing staff is the leading strategy for acquiring or sharpening expertise in digital marketing competencies, with 62.9 percent of respondents electing training over recruiting new talent (28.6 percent) or outsourcing (17.1 percent).
- When it comes to investments in marketing automation, tactical capabilities and point solutions dominate. The top two target areas of investment for 2009 are email marketing (44.9 percent) and online surveys and research (33.2 percent). Only 10.1 percent are investing in master data, 12.8 percent in marketing operational systems, and 9.3 percent in marketing resource or process management solutions.
- Grow or retain market share is the leading executive mandate for marketers, which 47.6 percent, followed by lowering costs and improving go-to-market efficiencies (43.5 percent) and improving customer insight and retention (32.5 percent).

CUSTOMER SERVICE & SUPPORT,

a critical component to the customer experience, remains **disconnected from marketing's territory** with only **17%** marketers overseeing this function.

© CMO Council 2009



- Only 8.2 percent respondents plan to build new linkages with line of business executives and just 7.4 percent are seeking a board member position, suggesting limited aspirations to rise within the corporate hierarchy.

Online media and digital channels of engagement are taking center stage like never before according to marketers, who are universally looking to enhance talent, expand competencies and sharpen measures and metrics for performance. The majority of marketers are sticking to old online measures like page views and registrations (64.6 percent), site traffic and volume (58.4 percent) and search prominence (45.2). However, a growing number are measured customer engagements including translating online traction to the acquisition of new accounts and customers, tracking content consumption transactions or subscriptions and measuring word-of-mouth advocacy.

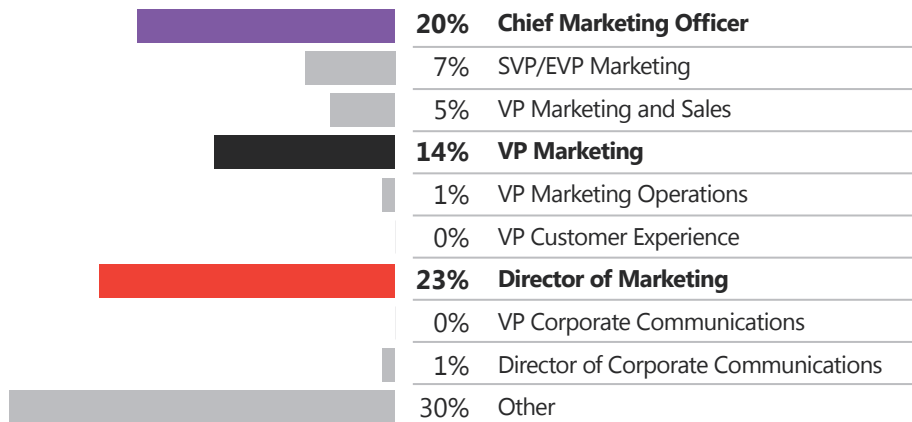
- Digital marketing and new media dominates demand generation and advertising spend allocation priorities for the coming year, with budgets aimed at online and Web 2.0 initiatives almost 50 percent higher than spend earmarked for traditional media.
- Just 9.3 percent of marketers rate their e-metrics and measurement capabilities as excellent. 35.6 percent of marketers are questioning spend, struggling to quantify value or are simply not doing a good job of converting visitors to leads or to customers.

Overall the picture looks positive for marketing in 2009, yet the broad outlook for the role of the CMO continues to be clouded by performance and bottom line driving issues and a general lack of validation by the C-Suite continuum.

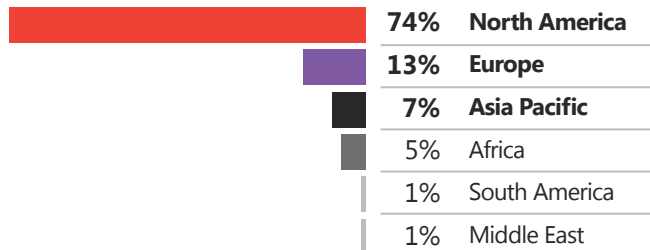
The Marketing Outlook report is available for download through the CMO Council (www.cmocouncil.org) including a complimentary executive summary along with a comprehensive findings report (\$99), an expanded findings report that highlights key markers by size, type and region of company (\$199) and a Marketing Trend report that highlights a 3-year historical background of marketing outlook and intentions data (\$299).

Demographics

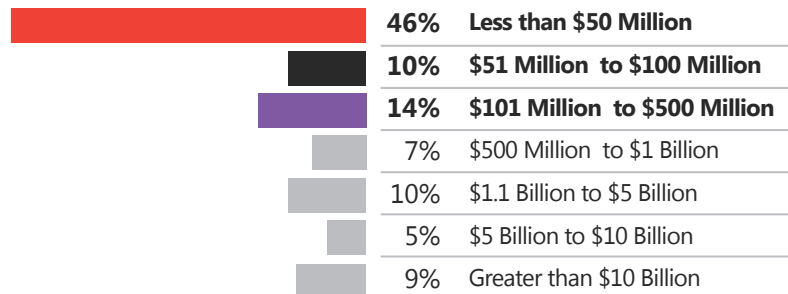
Q28. What is your title?



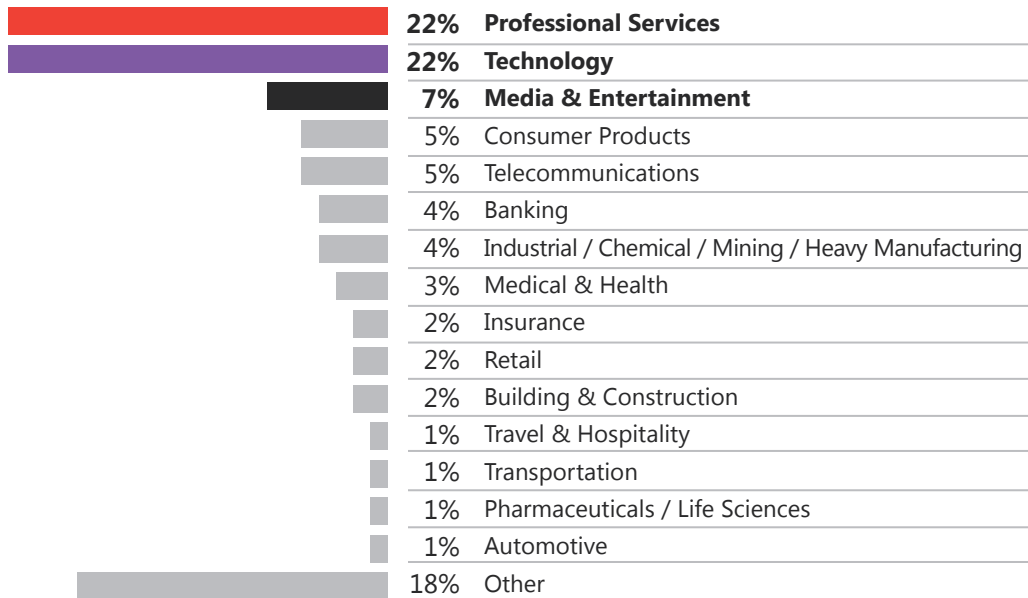
Q29. Where are you based?



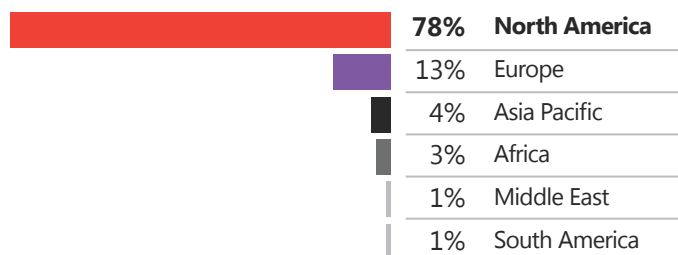
Q30. How large is your company?



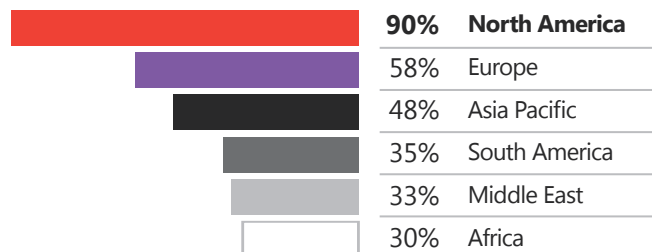
Q31. Within which industry does your company compete?



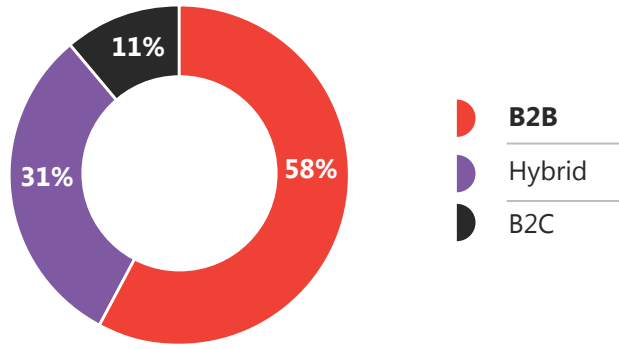
Q32. In which region is your company headquartered? (Choose one)



Q33. In which regions of the world does your company operate? (Choose all that apply)



Q33. Is your business:



About the CMO Council



The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 4,000 members control more than \$120 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 12,000 global executives across 90 countries in multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), Brand Management Institute, and the Forum to Advance the Mobile Experience (FAME). More information on the CMO Council is available at www.cmocouncil.org.

About Deloitte



Deloitte's Sales and Marketing Effectiveness practice combines strategic and operational capabilities to develop executable strategies that produce sustainable performance improvements across the breadth of customer-facing activities. The Sales and Marketing Effectiveness practice has successfully assisted numerous clients in improving the effectiveness of their Marketing function and providing advisory services in the areas of Sales and Marketing Alignment, Sales Compensation, Channel Management, Customer Experience, Strategy and Segmentation, Marketing ROI and Resource Allocation, Trade Promotion Management, Emerging Marketing Models, Spend Effectiveness and Compliance, and Customer Data Integration.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, its member firms, and their respective subsidiaries and affiliates. As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names. Services are provided by the member firms or their subsidiaries or affiliates and not by the Deloitte Touche Tohmatsu Verein.

Deloitte & Touche USA LLP is the U.S. member firm of Deloitte Touche Tohmatsu. In the United States, services are provided by the subsidiaries of Deloitte & Touche USA LLP (Deloitte & Touche LLP, Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP, Deloitte Tax LLP, and their subsidiaries), and not by Deloitte & Touche USA LLP.

www.deloitte.com

©2009 Deloitte Development LLC. All rights reserved.

About Jigsaw



Jigsaw is a leading provider of business information and data services that uniquely leverages user-generated content contributed by its global business-to-business community of 600,000 members. Today, the Jigsaw community and more than 600 enterprises use the Jigsaw directory to access information for ten million business contacts and 1.5 million companies. Jigsaw delivers low-cost and easy access to high-value business information that can be used to identify key decision makers and people for purposes such as sales, marketing, recruiting and customer service. Founded in 2004, Jigsaw is located in San Mateo, Calif. and is funded by Austin Ventures, El Dorado Ventures, and Norwest Venture Partners. www.jigsaw.com

About Ad-ology



Ad-ology Research provides advertising research and compelling insights for agencies, product marketers and media companies. The Media Influence on Consumer Choice survey is conducted quarterly with a national consumer panel to study on- and off-line media influence on their purchasing decisions. Ad-ology Industry Intelligence Reports provides an instant compilation of key marketing trend analysis, secondary research, demographics and spending patterns for over 375 industries - available online for immediate purchase and download. Currently used by 80 advertising agencies and product marketing departments, as well as more than 2,000 media properties across the United States, Ad-ology Research is a division of Sales Development Services (SDS), Inc. www.ad-ology.net.