

2011 B2B Marketing Outlook

Marketing Mix, Key Challenges, and Predictions for the Road Ahead:

An end user survey by research company Ipsos OTX, commissioned by Google.



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Executive Summary

There were many bright spots for B2B marketers in 2010, after years of a sluggish economy, budget constraints, and overworked staffs. Over the past year, the Internet grew in prominence as a marketing vehicle for B2B, and digital programs offered a high satisfaction rate for most marketers. In fact, virtually all those surveyed agree—the Internet is the most effective channel to reach the B2B audience.

A growing number of digital marketing strategies are effective for both acquiring new leads and keeping customers engaged; and marketers are willing to put these tools to the test. Over two-thirds of those surveyed indicated they plan on using channels in 2011 that they do not currently use today, revealing an open mind to new opportunities. From Search Engine Marketing (SEM), which leads the pack as the most effective way to reach a targeted audience, to social media, online content and the mobile Web, marketers are relying heavily on digital marketing and will continue to do so in 2011.

Key discoveries from this survey include:

- The future is bright: 77 percent of B2B marketers expect **budgets to remain stable or grow**.
- Offline channels are still the linchpins: 66% of B2B marketing budgets are allocated to traditional media tactics.
- **Digital ranks #1 for reaching B2B:** Search engines are ranked most effective; digital accounts for eight of the top 10 most effective channels for reaching the B2B audience.
- Key challenge: The Data Disconnect: 1 in 3 marketers think **measuring ROI will be their top challenge** in 2011.
- Expect a blend of new & old in 2011: Based on this data, **Google is making 8 predictions for B2B marketing**, driven by marketers' faith in mainstays and their eagerness to try new approaches.

Methodology

In this study, Google commissioned Ipsos OTX to survey over 600 B2B marketing professionals, from a variety of industries and company sizes, in order to understand the B2B marketing outlook for 2011. This survey assessed how companies plan to spend their marketing dollars, how they will determine their marketing mix, the challenges they face, and how they will analyze the ROI and effectiveness of marketing programs. This white paper offers insights into the results of this survey, identifies companies' challenges and opportunities, and offers predictions for B2B marketing plans in 2011.

Traditional Vs. Digital: In B2B, There's Room for Both

After years of economic downturn and shrinking budgets, B2B marketers have weathered challenges and at the same time, learned to embrace a variety of marketing tools. Today, the budget outlook is strong, and the majority of marketers will use both traditional and digital channels to reach and engage potential customers.

B2B Marketing Outlook Strong for 2011

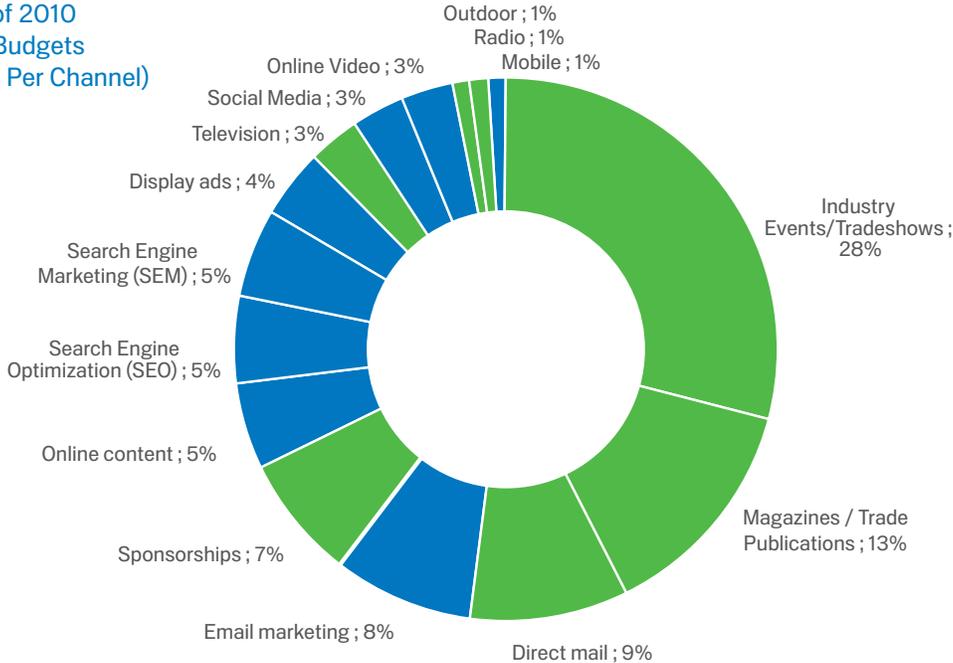
A very bright spot for B2B marketing—in 2011, 41 percent of those marketers surveyed expect a budget increase, and a significant increase at that. Of this group, the average anticipated budget increase is 21 percent. Only nine percent of marketers anticipate a decrease in their marketing budgets for 2011.

Current B2B Budgets Skew Traditional

According to the survey results, tradeshows are dominating the marketing mix accounting for an average 28 percent of investments. Magazines and trade publications account for 13 percent, while direct mail follows closely behind at nine percent.

Digital accounted for 34 percent of marketers' budgets in 2010. Email marketing received the most digital investment (eight percent) followed by online content, SEO, and SEM (five percent each).

Allocation of 2010
Marketing Budgets
(Average % Per Channel)



Despite the investment skew toward traditional channels, B2B marketers perceive that their customers prefer digital: Google's research indicated that the Internet is the number one channel believed by marketers to be utilized by B2B target audiences for business purposes.

Digital: #1 in effectiveness

There's one thing the surveyed marketers agree on—digital is the all-around most effective channel for businesses to reach their target audience. In Google's study, eight of the top 10 most effective media channels for reaching the B2B audience are digital. Email, SEO, Social Media, and online content are thought to be the most effective overall, while SEM and SEO are the most effective channels for gaining new leads. Email marketing ranks as the best way to prime, close, and maintain customers.

Digital growth continues in 2011

It's no surprise that 2011 will be a year for growth in digital media marketing: 34 percent of marketers already using digital will increase their digital budgets. The vehicles driving these increases include online content, mobile, social media, online video, and Search.

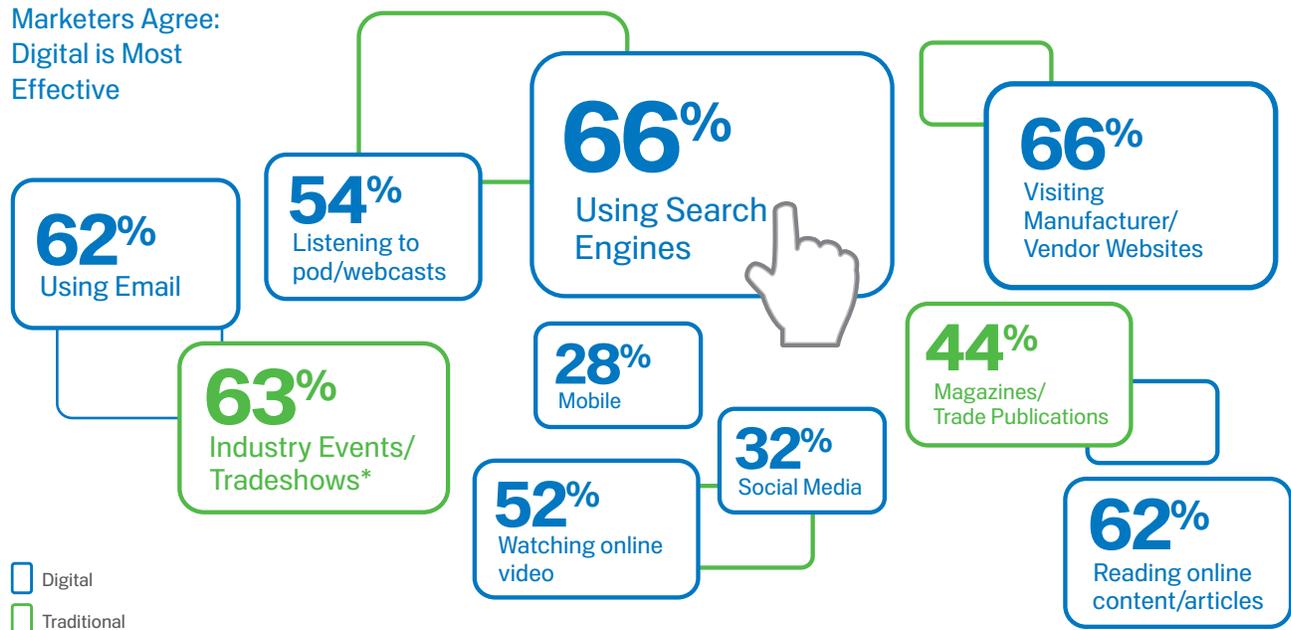
34% of B2B digital marketers will increase specific digital channel budgets:

- 43%** Online Content
- 40%** Mobile
- 38%** Social Media
- 38%** Search Engine Optimization
- 35%** Online Video
- 35%** Search Engine Marketing
- 23%** Email Marketing
- 22%** Display Ads
- 21%** Other

"The digital space gives us a place to have ownership and relevant content, and this works most effectively to help us build a brand online."

Chief Marketing Officer, Siemens Corporation

Marketers Agree:
Digital is Most Effective



Key Challenges

Despite a projected increase in marketing budgets, B2B marketers still face significant challenges in 2011. Almost all marketers surveyed agree: budgets are still insufficient and staffing will be lean. But measuring ROI and the overall impact of B2B programs will be a key struggle in 2011.

Budget and staffing

B2B marketers are anxious about a lack of resources. Regardless of company size, the primary concern amongst all B2B marketers surveyed is a lack of adequate funds. Forty percent of companies are concerned they do not have enough budget to fund their plans and deliver on goals.

Budget woes are closely followed by concerns over staffing. Thirty-nine percent of B2B marketers believe they will not have enough people to execute planned marketing efforts.

The Data Disconnect

B2B marketers are focused on both lower funnel (purchase) and higher funnel (brand awareness) objectives. But regardless, their focus is on driving the bottom line for their company. More than two-thirds (67 percent) of marketers indicate that revenue, lead quality, or lead volume is the most important metric for digital efforts. They use a variety of tools to measure digital marketing performance, but many struggle with how to connect their efforts to overall business impact. In fact, Google's research shows that 31 percent of marketers indicate that insufficient ROI analysis is one of their biggest challenges.

"The challenge is connecting upper funnel and lower funnel activity, the holy grail of turning online acquisitions into sales... At GE it has to be about more than marketing metrics. It has to be about business metrics."

Global Director, Marketing Communications and Digital, General Electric Co.

Predictions for the Road Ahead

It's clear that B2B marketers believe in the power of digital marketing—but when it comes to developing their 2011 marketing strategy, they are considering all channels. Based on the data from this research, Google is making eight predictions for the road ahead in B2B marketing, driven by marketers' faith in mainstays and their eagerness to try new approaches.

Tradeshows Will Remain Critical

In nearly every aspect of the 2011 outlook, B2B marketers indicated a strong belief in industry events and tradeshows. In 2010, 85 percent of marketers invested in event marketing, and 28 percent of that group plan to increase those investments in 2011. Furthermore, if they were given incremental budget, tradeshows are the #1 channel in which marketers would invest.

"Our marketing group does still work with tradeshows, but the virtual element really makes a difference. We've seen really interesting digital components to the live events; we started to see the trend a few years ago and so we've become more intentional about the integration."

Senior Manager, Search & Social at Autodesk

Search Still #1 for Reaching B2B Audiences

Eighty-one percent of the B2B marketers surveyed believe their audiences are using search engines for work purposes, and they agree that search marketing is the most effective digital channel to reach them. Moreover, SEM is ranked the number one channel for gaining new leads, with 85 percent of B2B marketers ranking it effective.

"We certainly track our traffic and search. If people online are searching, they're at the point of considering or looking to purchase, and we want to be front and center in those rankings."

Chief Marketing Officer, Siemens Corporation

"Search ads drive most of our business...For our market, it's less of an impulse purchase. We focus on the people looking for us."

Founder & CEO, BizChair.com

Email Marketing a Top Digital Priority

It was previously mentioned that email marketing received the most digital budget by B2B marketers in 2010. Approximately one-third of these marketers are planning to increase their email budgets in 2011.

Expect a Renewed Focus on the Customer

The economy has affected the relationship that many companies have with their customers. Sixty-two percent of B2B marketers agree that since the economic downturn, customer loyalty has declined. Consequently, marketers place heavy importance on customer retention. Eighty-seven percent of marketers invest in customer retention, and two-thirds say that this is where the majority of their marketing dollars will go in 2011.

Most marketers agree that their plans must include both offline and online initiatives to keep customers attentive

and devoted. In fact, 63 percent believe there is a direct impact between offline efforts and online traffic.

Eager to Test New Approaches

The vast majority of the B2B marketers surveyed ranked their company's marketing performance as satisfactory—only seven percent of companies felt that their marketing goals had not been met in 2010. However, there is room for improvement—the majority (53 percent) of marketers are only "somewhat satisfied" with their companies' marketing performance, and only four percent were extremely satisfied. Additionally, 69 percent of marketers intend to try out new digital tactics in 2011.

Social Media Emerging Into B2B Mainstream

It's no secret that social media outlets have become increasingly popular, and marketers are flocking to these influential channels. Thirty-eight percent of B2B marketers plan to increase their social media budget in 2011, and 16 percent plan to try using social as a marketing channel for the first time.

Social media gives users a forum to discuss and express support for businesses, which often leads to increased brand awareness. Forty-two percent of marketers believe these connections have a positive impact on the brand or brand sales. And, while social media may have started as a means for personal connections, these same attributes offer growth and networking opportunities for businesses. In fact, 40 percent of B2B marketers believe their audiences frequently use social media for business purposes.

"The success of digital has expanded the appetite for new and emerging tactics like mobile and social media, making it easier for us to make a case to support these tactics."

Global Search Marketing Director, SAP

"We will continue to invest in Social Media. You have to find the right voice, you've got to be authentic, and Social is a great way to do that. One of the best forms of advertising is word of mouth: [Social Media] gives you a way to do that. As marketers we'd be foolish not to use it"

Chief Marketing Officer, Siemens Corporation

Mobile and online video expected to surge

As B2B marketers plan for 2011, emerging digital media channels, particularly mobile and online video, are a big factor in the marketing mix.

This survey demonstrated that the role of the mobile channel is growing amongst B2B marketers. The number of marketers expecting to increase mobile budgets has tripled since a year ago, with 40 percent of those already using mobile anticipating positive growth in 2011. Moreover, 12 percent intended to incorporate mobile into their marketing plans for the first time.

Online video is another growing channel—nearly half (48 percent) of B2B marketers believe that online video initiatives have a strong positive impact on their company's brand and sales. In 2011, 35 percent of B2B marketers already using online video will increase their video budgets, and 13 percent of companies not using online video plan to add it to their marketing mix.

Digital Integration will be a Key Driver in 2011

Finally, this study provided strong indication that integrated campaigns will be a key driver of successful B2B marketing plans in 2011. Marketers will be looking at the holistic, 360 effect of a campaign, as well as the "reverberations" of one medium on another and accounting for that in their strategy. Sixty-three percent of B2B marketers recognize that traditional initiatives have a strong impact on online activity in terms of search traffic, web traffic, and online conversions.

Now that digital has a prominent seat at the table with B2B's other more traditional forms of marketing, integrated campaigns will be an inevitable reality for marketers moving forward.

It's not just about coordinated business weapons, but using one to hone and inform the others.

Senior Manager, Search & Social at Autodesk

"When efforts across the marketing continuum are well coordinated...we see all boats rise."

Global Director of Marketing Communications, General Electric Co.

Summary

The opportunities for B2B marketers in the digital arena continue to grow, as new tools and channels offer companies new ways to reach their target audiences. Increasing budgets and the growing willingness of B2B marketers to try new strategies will make 2011 a year of increased activity in digital channels. Companies recognize that search, social media, video and mobile have high potential to deliver new leads and keep existing customers loyal.