IDC Analyze the Future

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SURVEY

2012 CMO Tech Marketing Barometer Study: Trends, Forecast, and Essential Guidance for Tech Marketing Executives

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IDC OPINION

In 2011, IDC observed an unprecedented level of marketing organization change and marketing budget disruption across the tech vendor community. We expect much less new "drama" in marketing organizations and operations in 2012, though there is plenty of existing or leftover drama to grapple with. Here is IDC's outlook and essential guidance for tech chief marketing officers (CMOs) this year:

- Tech CMOs have told IDC that they expect an average of 3.6% increase to their marketing budgets this year. Last year at this time, the same CMOs were expecting an 8% increase to budgets — a number that just did not hold up. And so IDC believes that CMOs are now working with a more realistic set of assumptions, and expectations, about their funding.

- The pace of decisions and deployments for marketing automation software and services is seen to be booming. Allocations for this area are expected to be as much as 9% of discretionary marketing spend this year. This is triple the rate of previous years. In general, IDC believes that most marketing organizations are *not* ready to deal with the complexity of marketing automation, from the standpoint of proficiency and maturity.

- Look for social marketing to settle in a bit, as it more comfortably takes its place as a value-adding member of the marketing mix.

- "Solutions marketing" is projected to jump to the top of the list for new marketing personnel in 2012. IDC hears and sees a lot of talk about "campaign marketing" and "solutions marketing." We encourage you to put the words away and ask: What does this really mean, on an activity basis? What will be specifically new and different with these new people and initiatives?

- CMOs and their teams should plan to spend more time on the marketing and sales intersection. This has been IDC's advice in the past years. However, we are not seeing the "fixes" and alignment coming into place, even as those intersection opportunities get richer.

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CMO Advisory Service: Survey

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IN THIS STUDY

IDC's CMO Advisory Service provides research and insight to help technology marketers improve the productivity and efficiency of the marketing practice. The *2012 CMO Tech Marketing Barometer Survey,* offered as part of IDC's CMO Advisory Service, analyzes the level and direction of overall tech marketing spend to help guide IDC clients in their marketing investment and allocation decisions. This study includes information collected from 61 hardware, software, and service providers, whose combined revenue totals roughly $550 billion. Respondents were asked to provide information regarding their 2012 marketing budget priorities as well as their growth expectations for 2012. The study also compares and contrasts results obtained from the *2012 CMO Tech Marketing Barometer Survey* with results obtained from CMO Advisory's *2011 Technology Marketing Benchmarks Survey* of about 100 technology vendors.

Methodology

Field research for IDC's *2012 CMO Tech Marketing Barometer Survey* was conducted from January 5, 2012, to February 6, 2012. The research process included responses to an online survey, supplemented by interviews with senior marketing executives at 61 hardware, software, and IT services companies. Respondent survey data is compared and contrasted with the results of IDC CMO Advisory's *2011 Technology Marketing Benchmarks Survey,* which was completed in August 2011 by IDC's CMO Advisory Practice research team. Field research for the annual *Technology Marketing Benchmarks Survey* was conducted from May through July 2011. The survey included interviews with senior marketing executives from about 100 of the world's largest IT vendors (see *Marketing Investment Planner 2012: Benchmarks, Key Performance Indicators, and CMO Priorities,* IDC #231278, November 2011). Respondent survey data is also compared and contrasted with the results of IDC's *2011 CMO Tech Marketing Barometer Survey.*

Note: All numbers in this document may not be exact due to rounding.

SITUATION OVERVIEW

Participant Information

In total, 61 IT vendors representing roughly $550 billion in revenue responded to IDC's *2012 CMO Tech Marketing Barometer Survey* (see Table 1). As shown in Figure 1, more than 70% of respondents hold positions at the director level or above. Of the remaining participants, many were actually completing the survey on behalf of their CMO, vice president, or director. The distribution of respondent companies by sector and revenue is also well balanced, with hardware, software, and services companies ranging from less than $250 million to more than $30 billion (see Figures 2 and 3). The average revenue for this set of respondents is about $9 billion.

TABLE 1

Respondent Companies

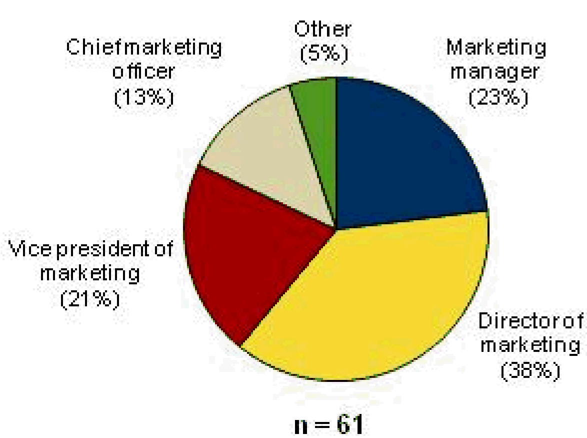
Companies		
Accenture	Ariba	Avanade
Avaya	Blue Coat Systems	BMC Software
Bull	CA Technologies	CGI
Cisco Systems	Compuware	CSC
Dell Inc.	EMC Corp.	Ericsson
Fairchild Semiconductor	FICO	Fujitsu
HP	Informatica	Infosys
Intel	Intermec	Juniper Networks
Kronos	Lexmark International	Logica
Optus	Oracle	Orange Business
PTC	Quest Software	RedPrairie
Ricoh Americas	SDL	SkillSoft
Sybase	Synopsys	Taleo Corp.
Tektronix	Tieto	Unisys
Verizon Business	VMware	Wipro

Note: This is a partial list.

Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

FIGURE 1

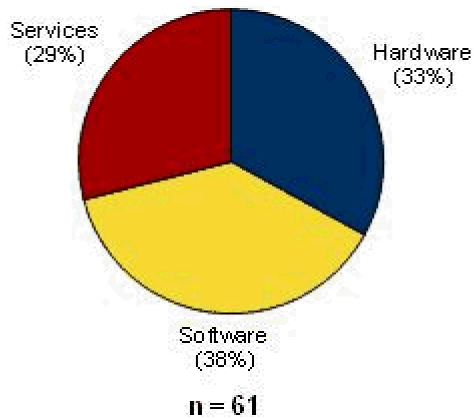
Respondents by Title



Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

FIGURE 2

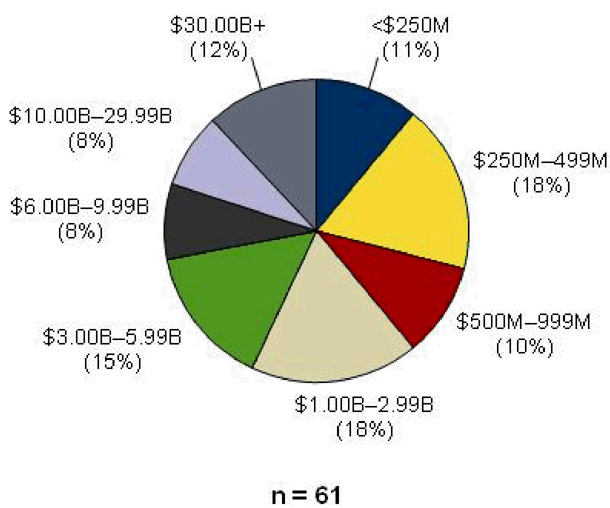
Respondents by Sector



Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

FIGURE 3

Respondents by Company Size



Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Marketing Investment Strategy

Global IT Revenue Growth Versus Global IT Marketing Spend Growth

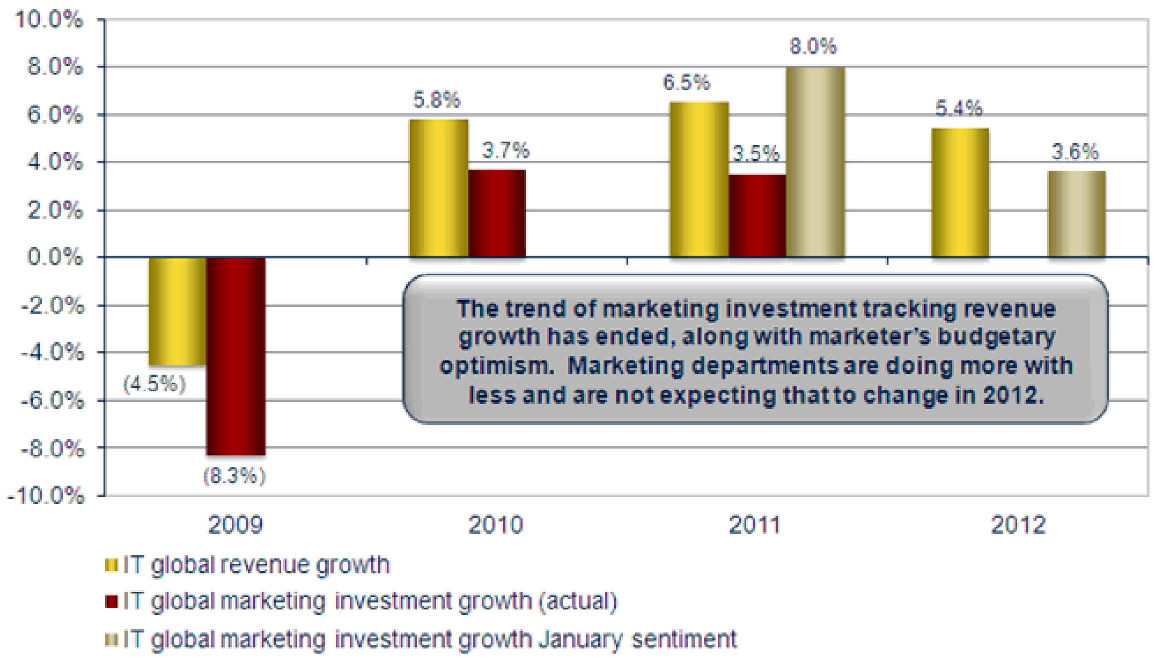
IDC's CMO Advisory Service has been comparing IT global marketing spend growth with IT global revenue growth since 2003. Between 2003 and 2008, IDC observed a consistent trend — marketing spend growth closely tracked revenue. For example, if revenue was growing at 6%, marketing spend growth was either at 6% or slightly lower or slightly higher. The recession of 2008–2009 severely disrupted this trend. In 2009, marketing budgets declined nearly twice as fast as revenue, and marketing departments experienced more than their fair share of budgetary cuts (see Figure 4). Global IT revenue growth rebounded to 5.8% in 2010, but marketing departments only received an average 3.7% increase in their budgets. In January 2011, marketers felt confident that they would finally see their budgets rebound and reported that they expected budgets to increase by 8%. During the summer of 2011, however, IDC collected the actual marketing spend growth numbers. Despite expectations of an 8% increase to marketing budgets in 2011, the actual average increase was a stark contrast at only 3.5%.

Marketers have lost their budgetary optimism. Respondents to IDC's *2012 CMO Tech Marketing Barometer Survey* are expecting an average marketing spend growth figure of 3.6%, which is again lagging behind the current revenue growth projections of 5.4%. Since revenue growth is outpacing marketing investment growth, marketing budgets are being constricted over time — marketers are expected to support larger businesses with relatively fewer funds. In this environment, marketers must find creative ways to "refinance" their marketing budgets.

IDC's essential guidance for tech CMOs with regard to budgets is twofold. First, search for marketing budget efficiencies within the existing cost envelope. Typically, you will find those opportunities at the "boundaries" of the various marketing organizations: where corporate marketing shares a boundary with product marketing or where corporate marketing shares a boundary with field marketing. The second area will take more time and effort, but it involves redrawing the pathways through which a customer or a prospect is "processed" through all of the marketing and sales execution — steps that are your current "business model" for creating a customer. This work will require a tight-working compact and mental alignment between the CMO and the chief sales officer (CSO).

FIGURE 4

Tech Marketing Budget Expectations, 2009–2012



n = 45 for IDC's *2011 CMO Tech Marketing Barometer Survey,* n = 85 for IDC's *2011 Technology Marketing Benchmarks Survey*

Source: IDC's *2011 CMO Tech Marketing Barometer Survey*; IDC's *Worldwide IT Spending Black Book,* 2011; and IDC's *2011 Technology Marketing Benchmarks Survey*

Marketing Program Spend Trends

IDC's CMO Advisory Service segments total marketing dollars into two overarching classifications, program spend and staff, and then tracks investment across a series of categories within each. According to *IDC's Worldwide Sales, Marketing, and Market Intelligence Taxonomy, 2012: Guidelines for Cost Control and Resource Allocation* (IDC #231252, November 2011), program spend is divided into 10 primary categories: advertising, public relations, analyst relations, direct marketing, events, Web site content and development, social marketing, collateral, market intelligence, and marketing support and sales tools. IDC's CMO Advisory Service refers to this view of program spend as the "federated view" because all of the digital marketing program spend categories are dispersed between these existing categories; for example, display ads and search ads are accounted for in advertising, and digital events in events. Figure 5 illustrates the program spend benchmarks as of year-end 2011.

The benchmarks from Figure 5 can be used as a baseline to evaluate expected changes to the program spend mix in the remainder of 2012.

FIGURE 5

Marketing Program Spend Mix, Year-End 2011: The "Federated" View

Note: All digital elements are contained within the categories shown.

Source: IDC's *2011 Technology Marketing Benchmarks Survey*

Figure 6 details respondents' answers to the question: "Please indicate if investment in the following program spend categories will increase, stay the same, or decrease in 2012 compared with 2011."

In Figure 6, the green bars represent the percentage of respondents who stated that program spend is expected to increase in 2012. The top 3 categories most frequently expected to increase in 2012 are social marketing, Web site content and development, and direct marketing; for each of these functions, more respondents are expecting increased spend rather than flat spend or a decrease. These findings contrast those of IDC's *2011 CMO Tech Marketing Barometer Survey,* from exactly one year ago, when respondents were expecting increases in every category. Marketers are definitely less optimistic about budget increases in 2012 and have narrowed their focus to a shorter list of key initiatives:

- **Social marketing.** Social marketing is a small portion of overall program spend at 1.3% (refer back to Figure 5), but clearly a big focus for tech companies in 2012. 65% of respondents stated that they expect their social marketing program spend to increase in 2012, and almost no respondents are expecting decreases in this area. Given these findings, IDC expects that the 1.3% program spend allocation to social marketing will expand in 2012. For more information on social marketing, please refer to the Social Marketing Structure and Proficiency section.

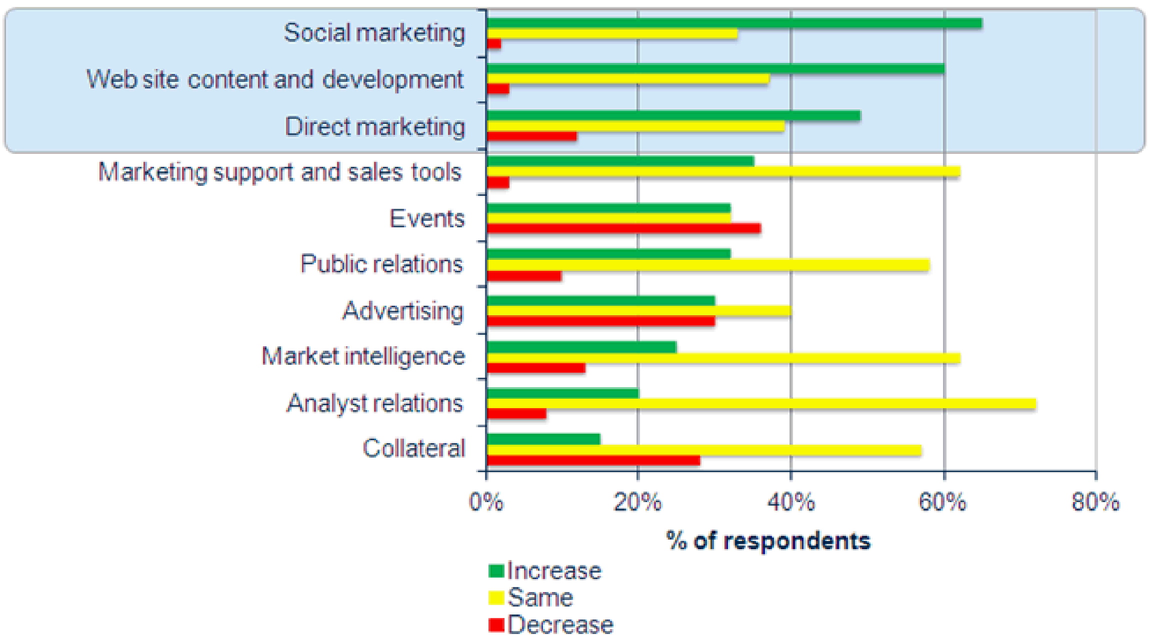
- **Web site content and development.** Web site content and development program spend has experienced tremendous growth in the past few years. In 2010, this category accounted for 5.3% of total program spend, but by 2011, this allocation had increased to 8.2%. With 60% of respondents expecting that Web site content and development investment will increase, IDC believes that this allocation will continue to increase in 2012. IDC believes that investment in company Web sites is a necessary expenditure. IDC's research on the buyer side (see *The Buyer Speaks: IDC's 2011 Buyer Experience Survey — Guidance for Sales and Marketing,* IDC #228987, July 2011; updated document forthcoming) shows that all roads eventually lead to the company Web site — buyers use company Web sites as a primary tool during the decision-making process. Since Web sites are such an important stop for buyers, and it is imperative that they have a good experience during their visits, vendors must not lag in this area.

- **Direct marketing.** Direct marketing is the last program spend category that respondents expect will see most frequently increasing spend. According to *IDC's Worldwide Sales, Marketing, and Market Intelligence Taxonomy, 2012: Guidelines for Cost Control and Resource Allocation* (IDC #231252, November 2011), direct marketing includes direct mail, telemarketing, and email. Much of the focus here is on email marketing (discussed in greater detail in the Digital Marketing Program Spend Trends section), which accounts for 31.6% of direct marketing program spend. The expectations of increased spend on direct marketing, along with marketing support and sales tools (which include MDF and coop funds), may hint at a slight shift toward demand generation in 2012. In 2011, IDC observed a focus on awareness spend, with many tech companies embarking on large branding initiatives post recession. IDC's CMO Advisory Service observes that typically companies divide spend equally between awareness and demand, but slight shifts one way or the other often occur.

FIGURE 6

Expected Program Spend Changes, 2012

Q. *Please indicate if investment in the following program spend categories will increase, stay the same, or decrease in 2012 compared with 2011.*



n = 61

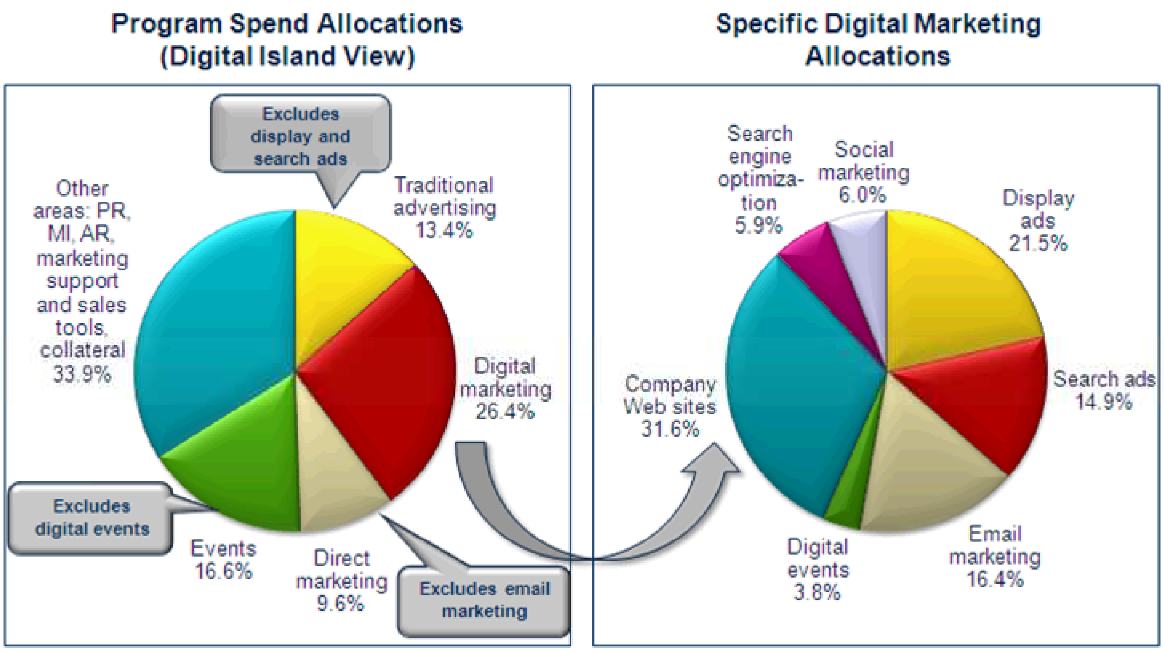
Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Digital Marketing Program Spend Trends

To fulfill the industry's need to track digital marketing program spend in its entirety, IDC presents a second view of program spend called the "Digital Island" view. In this view, all program spend that IDC classifies as digital marketing — display ads, search ads, email marketing, digital events, company Web sites, search engine optimization (SEO), and social marketing — is placed into one category. The left pie chart in Figure 7 illustrates this view, while the pie chart on the right shows all of the specific digital marketing program spend categories as a percentage of total digital marketing spend. All data in Figure 7 reflects program spend allocations as of year-end 2011.

FIGURE 7

Marketing Program Spend Mix, Year-End 2011:
The "Digital Island" View



n = 85

Source: IDC's *2011 Technology Marketing Benchmarks Survey*

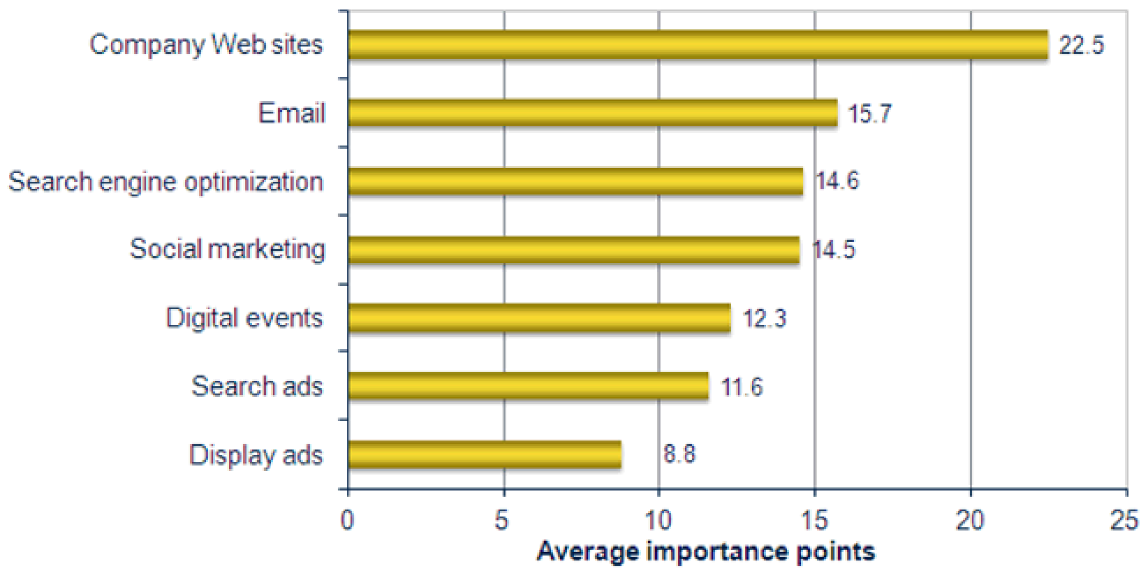
IDC has observed dramatic increases in total digital marketing program spend over the past few years. In 2009, digital marketing accounted for 12.6% of total program spend, but by 2010, that allocation had increased to 19.3%. In 2011, that number rose to 26.4%. IDC feels that digital marketing will continue to increase as a whole in 2012. Figure 8 outlines respondents' answers to the following question: "Please allocate 100 'importance points' to the following digital marketing program spend categories for 2012."

Respondent companies are placing the most importance on company Web sites in 2012 (see Figure 8). As previously mentioned, all buyer roads eventually lead to the company Web site, and it is important that vendors not lag here in investment and focus. At the end of 2011, companies were allocating 31.6% of total digital marketing program spend to company Web sites, and the findings in Figure 8 suggest a further increase in 2012. Email is the second-most-important digital marketing program spend category for respondents, which aligns with the previous findings that direct marketing as a whole is expected to increase in 2012. Email is the steadfast workhorse, and although it is less glamorous than other new media, it consistently ranks highly among tech marketers. Social marketing arrived midpack in this evaluation, but its scores were comparable to slightly higher-scoring categories. When pitted against the older and more evolved aspects of digital marketing such as Web sites and email, social marketing shows that it is still in its infancy and accounts for only a small portion of overall program spend and focus.

FIGURE 8

Expected Digital Marketing Shifts, 2012

Q. Please allocate 100 "importance points" to the following digital marketing program spend categories for 2012.



n = 61

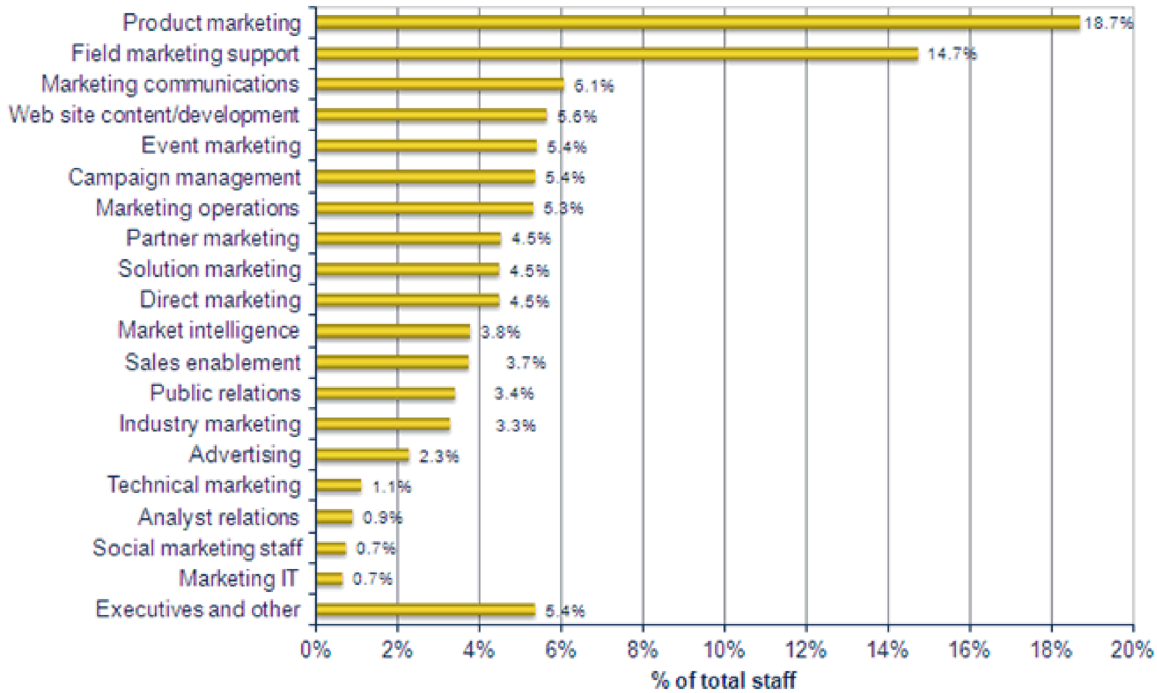
Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Marketing Staff Trends

IDC's CMO Advisory Service has a comprehensive marketing staff taxonomy, which classifies marketing staff across 20 different categories. Figure 9 shows the percentage of total marketing staff for each category as of year-end 2011. IDC's *2012 CMO Tech Marketing Barometer Survey* provides data on how these staffing allocations are expected to shift in 2012. Figure 10 details the percentage of respondents planning to increase in each category.

FIGURE 9

Marketing Staff Allocations, Year-End 2011



n = 85

Source: IDC's *2011 Technology Marketing Benchmarks Survey*

Most respondents stated that they expect staffing levels to stay the same in each staffing category, and very few respondents reported any decrease. As shown in Figure 10, the roles most frequently expected to increase are solution marketing, social marketing, Web site content and development, and campaign management. Social marketing and Web site content and development are common themes throughout this study, and it is no surprise that staffing levels are expected to increase in these areas as program spend and focus increase. IDC offers the following staffing observations and guidance:

- **Solution marketing.** IDC defines solution marketing as staff that develop and implement an overall solution strategy based on current company offerings, future offerings, and partners' products and services. This is the top staffing allocation category expected to increase in 2012. IDC believes that increases in this area are a necessary reaction to buyer feedback — IDC's research has shown that buyers prefer to purchase solution bundles over individual products (see *The Buyer Speaks: IDC's 2011 Buyer Experience Study — Guidance for Sales and Marketing,* IDC #228987, July 2011). The expansion of the solution marketing role may come at the expense of product marketing.

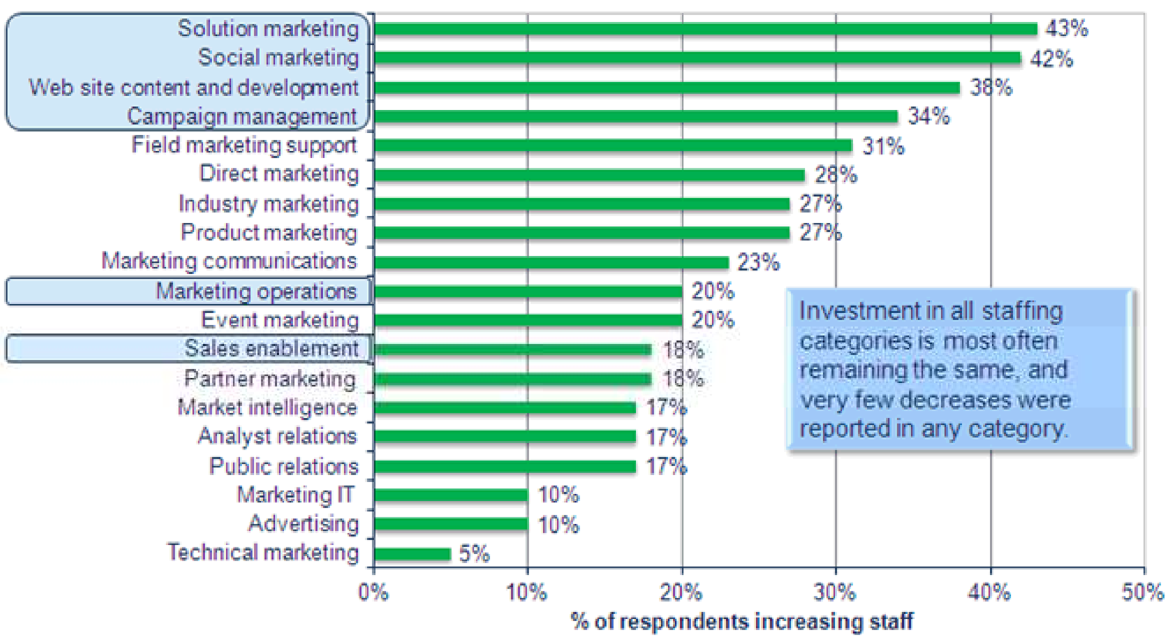
- **Campaign management.** Campaign management is another staffing category that will see increases in 2012. Campaign managers manage campaigns across organizations, establish communication strategies for campaign efforts, determine the appropriate communication vehicles, and manage day-to-day campaign activities. IDC believes that marketing messaging from the product lines directly to the field should be avoided. Instead, content production and sales enablement should flow from the product lines, through campaign managers and sales enablement staff, and then into the field. In this model, marketing's messaging is coordinated by all three areas of marketing: product, corporate, and field.

- **Sales enablement.** Sales enablement is defined as the delivery of the right information to the right person at the right time in the right format and in the right place to assist in moving a specific sales opportunity forward. Considering sales enablement's importance in the ideal flow of marketing's messaging described previously, and also the fact that marketers are currently dissatisfied with the level of alignment between marketing and sales, IDC is surprised that only 18% of respondents plan to increase sales enablement staff in 2012. IDC believes that sales enablement needs to remain a top priority for senior marketers.

FIGURE 10

Expected Staffing Changes, 2012

Q. *Please indicate if investment in the following staffing categories will increase, stay the same, or decrease in 2012 compared with 2011.*



n = 61

Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

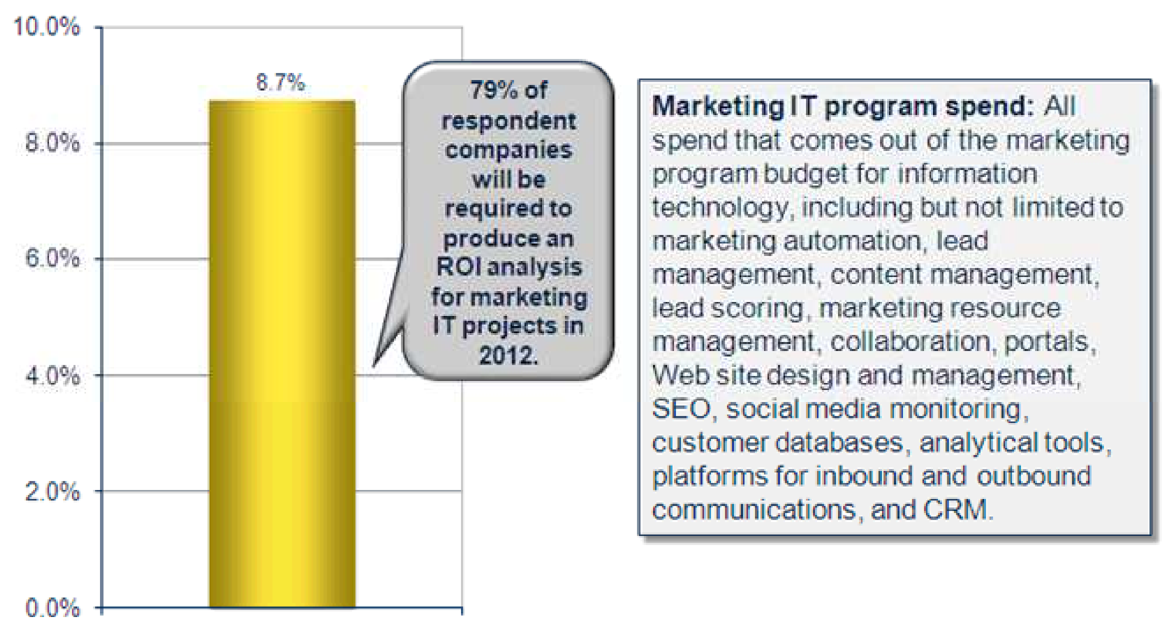
Marketing IT and Automation

Marketing IT and automation have grown exponentially in importance and focus over the past few years. For the purposes of this study, IDC has defined marketing IT program spend as all spend that comes out of the marketing program budget for information technology, including but not limited to marketing automation, lead management, content management, lead scoring, marketing resource management, collaboration, portals, Web site design and management, SEO, social media monitoring, customer databases, analytical tools, platforms for inbound and outbound communications, and CRM. For an area that was once only 2% or 3% of the total program spend mix, marketing IT has ballooned up to an expected 8.7% of total program spend in 2012 (see Figure 11).

FIGURE 11

Expected Marketing IT Program Spend, 2012

Q. Please estimate the percentage of your total marketing program budget that will be spent on marketing IT in 2012.



n = 61

Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

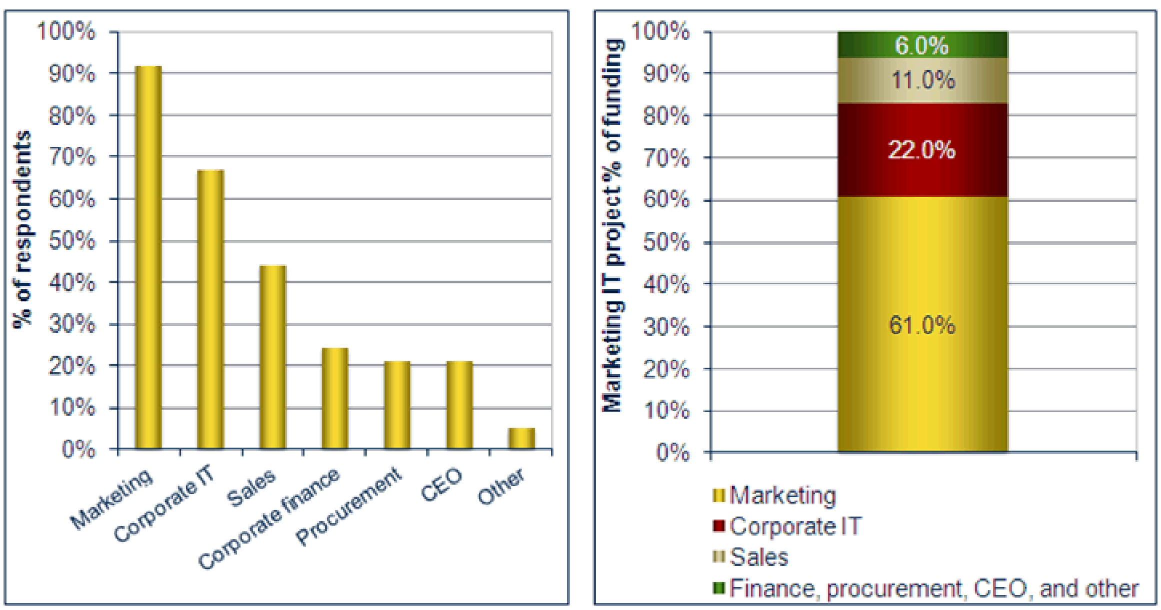
Figure 12 shows which departments will be involved in the evaluation and selection process for marketing IT alongside the percentage of funding each department will provide. On average, marketing is expected to be responsible for funding 61% of total spend on marketing IT projects in 2012. As the breadth of marketing technologies and points of interaction with enterprise systems expand, it becomes increasingly important to have a cross-functional committee to oversee IT purchases across all customer-facing functions. IDC believes the Customer Data Governance Council is ideal to coordinate these purchases, and companies should actively expand the mission of these councils to include IT purchase reviews.

FIGURE 12

Expected Marketing IT Project Evaluation, Selection, and Funding, 2012

Q. Which departments will be involved in the evaluation and selection process for marketing IT projects in 2012?

Q. What percentage of funding for marketing IT projects will come from the following departments in 2012?



n = 61

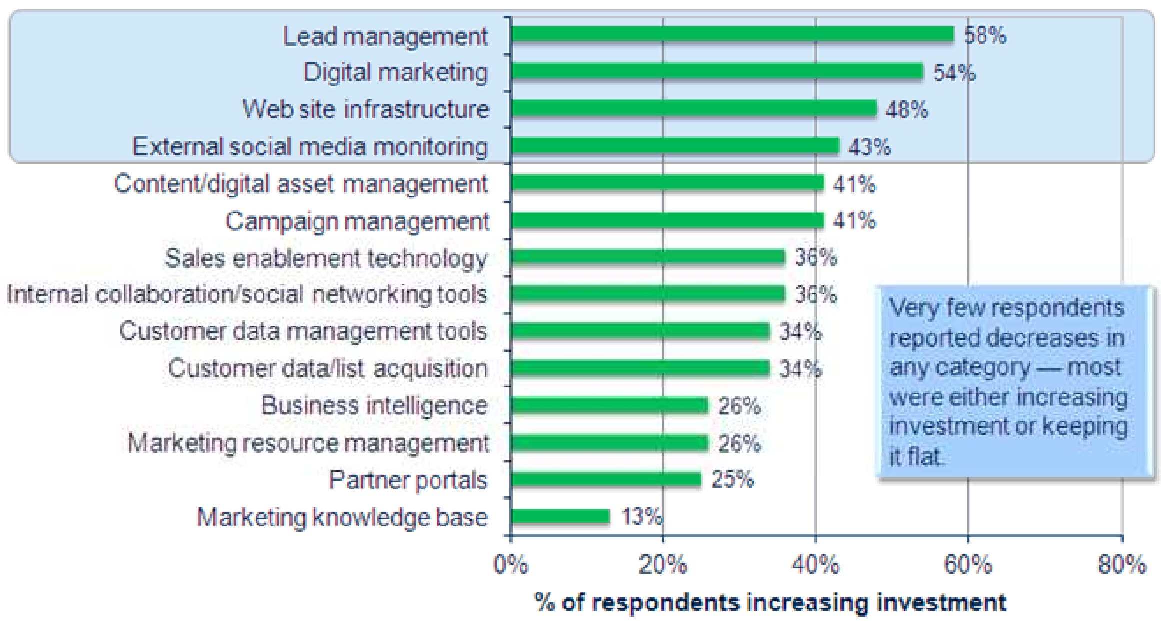
Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Figure 13 focuses specifically on marketing automation and illustrates the percentage of respondents that expect to increase spend in the listed marketing automation line items in 2012. Although this chart only shows the increases, very few respondents reported decreases in any of these categories — most were expecting to either keep flat or increase spend. The top 4 marketing automation categories expected to increase in 2012 are lead management, digital marketing, Web site infrastructure, and external social media monitoring. All of these areas have been recurring themes throughout the year and even in this study, and IDC has additional resources available on each topic. For more information, please refer to the Related Research section.

FIGURE 13

Expected Marketing Automation Investment, 2012

Q. *How do you expect your investment levels to change in 2012 for the following marketing automation categories compared with 2011?*



n = 61

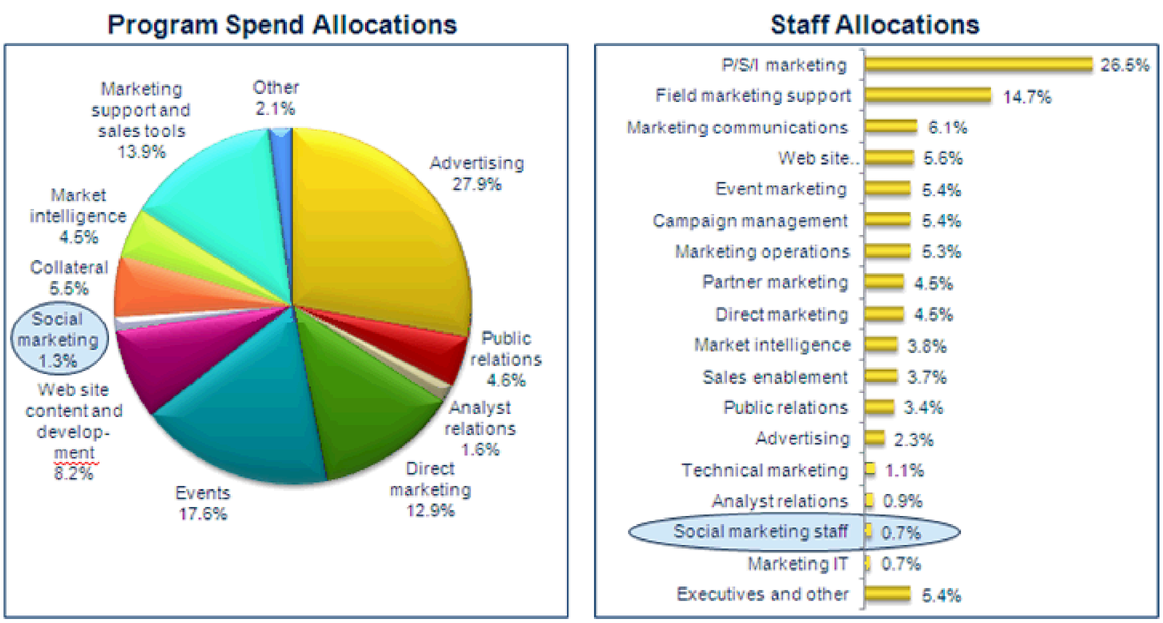
Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Social Marketing Structure and Proficiency

Despite the hype, social marketing accounts for only a small portion of total program spend and staff within the marketing organization. As shown in Figure 14, 1.3% of all program spend and 0.7% of total staff were dedicated to social marketing as of year-end 2011. However, research from IDC's *2012 CMO Tech Marketing Barometer Survey* suggests that these allocations are on the rise in 2012 as companies push their social marketing proficiency forward.

FIGURE 14

Social Marketing Program Spend and Staff in Marketing Organizations, Year-End 2011



n = 85

Source: IDC's *2011 Technology Marketing Benchmarks Survey*

Social Marketing Program Spend Benchmarks

Social marketing accounts for 1.3% of the total program spend mix, but that allocation is expected to increase in 2012. Data from IDC's *2012 CMO Tech Marketing Barometer Survey* reveals that social marketing is the top program spend category expected to increase in 2012 (refer back to Figure 6). Although it is still too early to tell by what percentage social marketing program spend will increase in 2012, 65% of respondents are expecting an increase in investment to some degree. Moreover, only 2% of respondents are anticipating any decrease in social marketing investment.

IDC's CMO Advisory Group also tracks specific subcategory allocations within social marketing program spend. According to *IDC's Worldwide Sales, Marketing, and Market Intelligence Taxonomy, 2012: Guidelines for Cost Control and Resource Allocation* (IDC #231252, November 2011), social marketing program spend is broken into three components:

- **Social marketing software and social marketing automation:** Program dollars spent on tools such as software for communities and blogs, or software specifically designed to automate social marketing functions

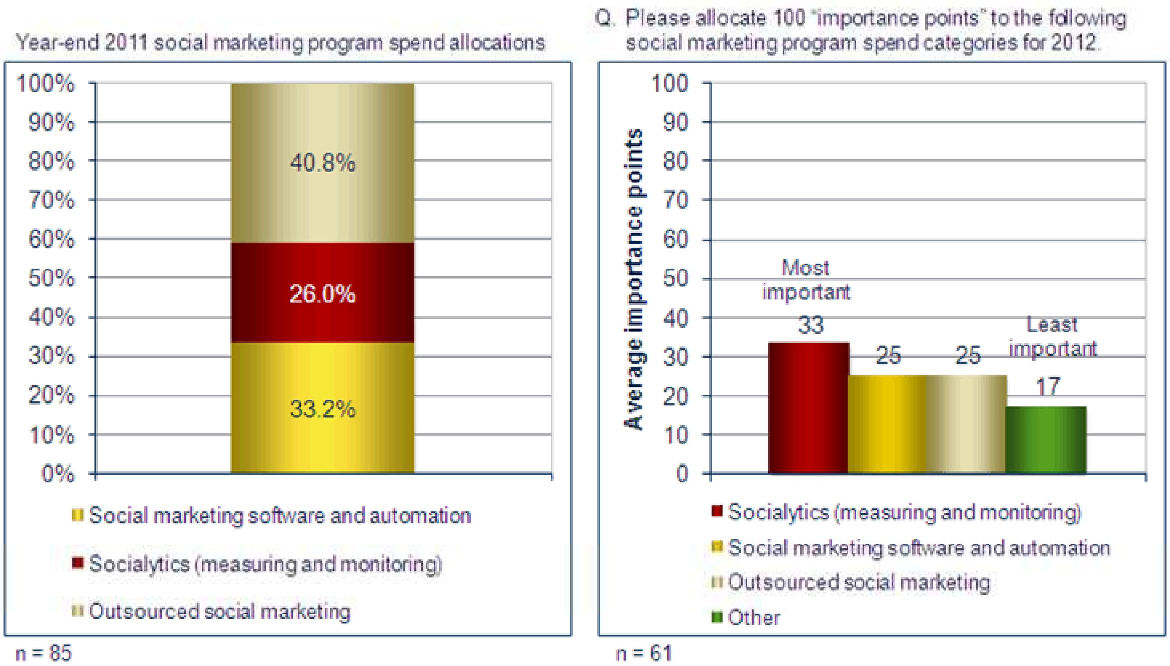
- **Socialytics (social data analytics applications):** Program spend designated to "listening software," software that measures and monitors social marketing impact

- **Outsourced social marketing spend:** Program dollars spent on agency services specifically for social marketing

Figure 15 shows the year-end 2011 benchmarks of these specific social marketing program spend allocations alongside respondents' thoughts on which categories are most important in 2012. At year-end 2011, companies were allocating 33.2% of social marketing program spend to social marketing software and automation, 26% to socialytics, and 40.8% to outsourced spend. In IDC's *2012 CMO Tech Marketing Barometer Survey,* the CMO Advisory Group asked respondents to "Please allocate 100 'importance points' to the following social marketing program spend categories for 2012: socialytics, social marketing software and automation, outsourced social marketing, and 'other.'" As shown in the right-hand chart of Figure 15, companies are placing the most importance on socialytics in 2012, and thus IDC would expect the 26% socialytics allocation to increase this year. The 17 average importance points dedicated to "other" are also interesting in this chart. Conversations with participants have revealed that this category is made up of initiatives such as social marketing training and evangelism.

FIGURE 15

Detailed Social Marketing Program Spend Allocations:
Year-End 2011 Versus Expected Changes in 2012



Source: IDC's *2011 Technology Marketing Benchmarks Survey* and IDC's *2012 CMO Tech Marketing Barometer Survey*

Social Marketing Staffing Benchmarks

At the end of 2011, an average of 0.7% of marketing staff were in a social marketing role (refer back to Figure 14). In 2012, this allocation is expected to increase. As shown previously (refer back to Figure 10), 42% of respondents to IDC's *2012 CMO Tech Marketing Barometer Survey* stated that they anticipate social marketing staffing increases.

IDC's CMO Advisory Service also tracks more detailed social marketing staffing benchmarks. According to IDC's sales and marketing taxonomy, social marketing staff distribute their time between four main areas:

- **Infrastructure:** These staff are responsible for deploying, maintaining, and evaluating the social marketing infrastructure.
- **Measuring and monitoring:** These staff are dedicated to listening to and extracting intelligence from social marketing platforms.
- **Responding:** These staff are tasked with responding to users on social networks.

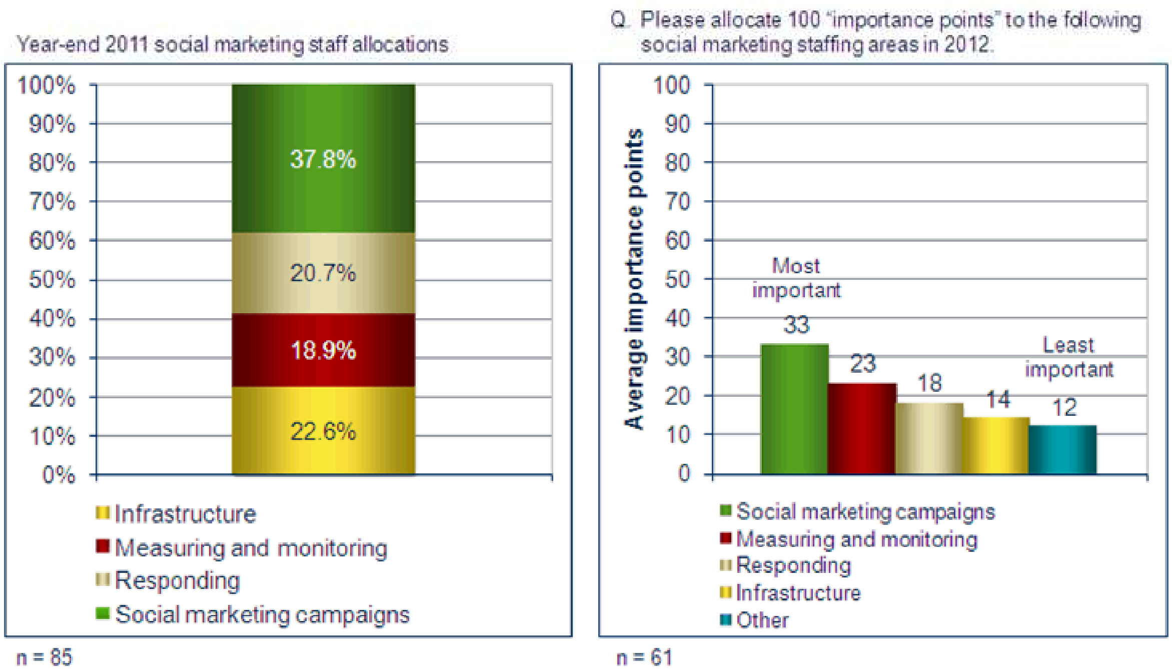
- **Social marketing campaigns:** These staff are focused on designing and executing social marketing campaigns.

The chart on the left in Figure 16 details the average allocations to each of these staffing subcategories at the end of 2011, while the right-hand chart shows which tasks are expected to be most important to respondents in 2012. Staff already spend the largest portion of their time on social marketing campaigns, and this category scored most important with respondents in 2012, suggesting further increase. Measuring and monitoring also scored important as a staffing category, and we expect that allocation will increase in 2012, perhaps at the expense of infrastructure. Among the least important staffing areas to respondents in 2012 is infrastructure, which suggests that companies have advanced beyond infrastructure and are focusing on the more tactical uses of staff such as campaigns and measuring and monitoring.

Companies must evaluate their own social marketing aptitude against IDC's benchmarks and guidance and decide where it is most appropriate to direct new funds. For instance, if your company has not yet established an expansive listening infrastructure with staff that are capable of gleaning valuable information, that might be an area of investment. If that has been achieved, then perhaps responding and campaigns are the next area of focus.

FIGURE 16

Detailed Social Marketing Staff Allocations:
Year-End 2011 Versus Expected Changes in 2012



Source: IDC's *2011 Technology Marketing Benchmarks Survey* and IDC's *2012 CMO Tech Marketing Barometer Survey*

Social Marketing Challenges and Successes

In IDC's *2012 CMO Tech Marketing Barometer Survey,* participants were asked to describe their greatest successes and challenges with respect to social marketing.:

The top 3 social marketing successes are:

- Customer/influencer engagement
- Internal support and adoption
- Scaling and integration

The top 3 social marketing challenges are:

- Measuring ROI and linking to the funnel
- Internal support and adoption
- Scaling and integration

These qualitative responses are an excellent indicator of social marketing maturity in the tech industry. Starting at the top, we see the most-often-achieved success is customer/influencer engagement, which is one of the first key achievements that companies strive toward with social marketing. It appears that companies are very competent at this. As we have seen in the buyer data, however, what vendors classify as "engagement" is not synonymous with "influence" — companies still need to work on influencing buyer purchasing decisions through social marketing.

Next, we move into the swing factors, numbers 2 and 3, which are the same on both lists: internal support and adoption and scaling and integration. While some companies reported these as challenges, a nearly equal number reported them as key successes. This suggests a midpoint — companies that can report significant successes in internal support and adoption and scaling and integration have passed the divide and are in the leading category. Those that still consider these to be the biggest challenges are lagging. Measuring ROI and linking social marketing to the funnel is currently the biggest challenge and also the next frontier for companies as they push their social marketing proficiency further.

IDC's 2012 Social Marketing Maturity Model

To assist marketing executives in recognizing their companies' social marketing maturity level, and then increase their social marketing effectiveness, IDC has created a social marketing maturity model.

IDC's 2012 Social Marketing Maturity Model describes five stages that companies progress through on their journey to increase both social marketing maturity and market impact (see Figure 17). The five stages are:

- **Experimenting:** In this phase, social marketing enthusiasts emerge within marketing departments and begin to experiment with social marketing. These enthusiasts have no formal social marketing budgets or dedicated staff at their disposal, along with no defined corporate strategy, policies, guidelines, or executive sponsorship. Instead, they utilize free tools and attempt to achieve initial success, and their social marketing impact is low.

- **Developing:** Social marketing enthusiasts evolve into evangelists in this stage and push their companies to embrace social marketing. Collaboration is difficult because there are isolated pockets of strategy in various departments and little or no formal processes. Marketers have some automation tools, but budgets are small and marketers are rarely supported by IT. Initial successes in this stage help drive broader adoption.

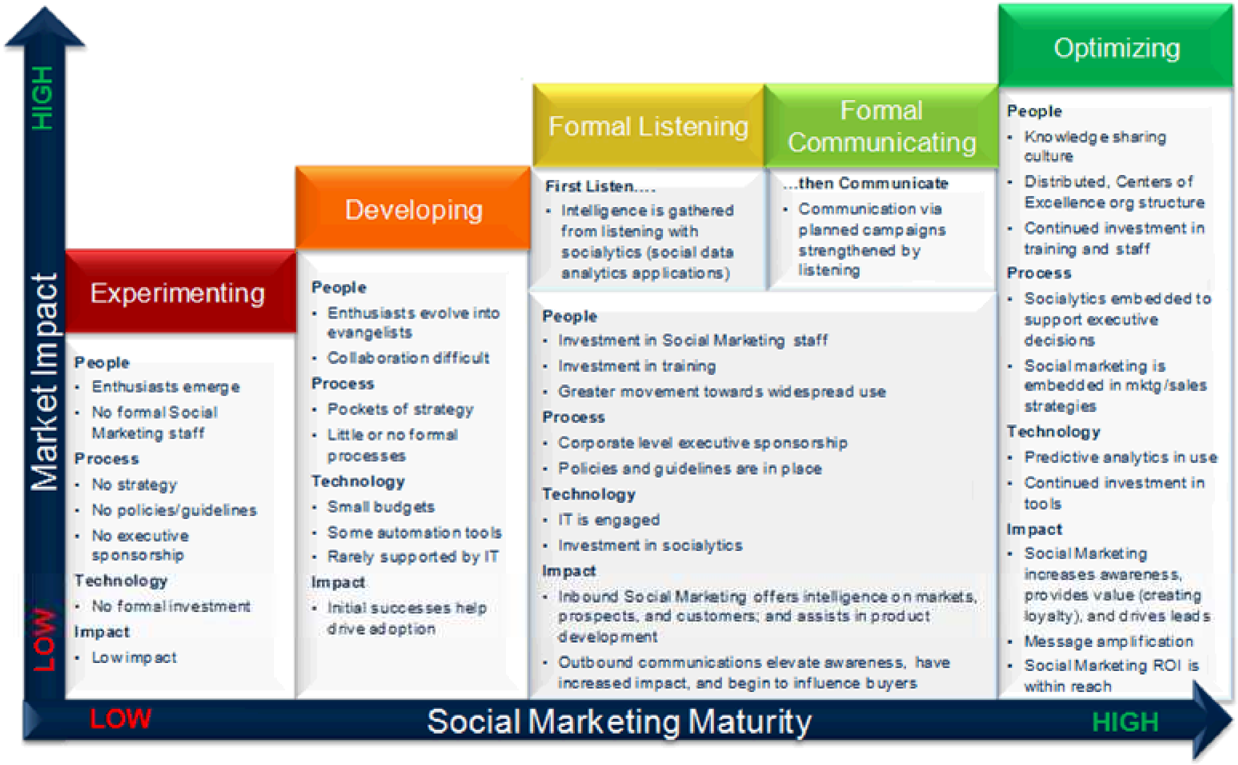
- **Formal listening and formal communicating:** IDC segments formal listening and formal communicating into two separate but equal stages. Chronologically, IDC finds that companies can achieve the most impact by not rushing the inbound aspect of social marketing, or listening. In the formal listening and formal communicating stages, companies invest in social marketing staff and training, while usage spreads. Marketing departments achieve corporate-level executive sponsorship, and guidelines and policies have been defined. IT is engaged in social marketing, and companies invest in socialytics (social data analytics applications) to enable formal listening. Formal listening provides intelligence on markets, prospects, and customers, and market feedback assists in product development. Armed with intelligence gleaned from inbound social marketing, companies insert their voices into outbound communications through planned campaigns. These outbound communications elevate awareness, have increased impact, and begin to influence buyers.

- **Optimizing:** Optimizing is currently the final stage of IDC's Social Marketing Maturity Model. Companies that have achieved this level of proficiency are characterized by a knowledge-sharing culture, an organizational structure that supports social marketing, and continued investment in dedicated staff, training, and tools. Socialytics are embedded to support executive decisions, predictive analytics are in use, and social marketing is integrated with traditional marketing and sales strategies. The impact of social marketing in this phase is high, and social marketing asserts its value by providing new leads/customers and increased loyalty. Although elusive, social marketing ROI is within reach.

Marketing executives should conduct a deep evaluation of their companies' social marketing capabilities and then honestly plot themselves on IDC's 2012 Social Marketing Maturity Model. This model not only describes the characteristics of each stage but also provides guidance on the factors that must be achieved to move forward. IDC's CMO Advisory Service can also offer more customized guidance based on specific company circumstances; please contact Joseph Ferrantino at jferrantino@idc.com for more details.

FIGURE 17

IDC's 2012 Social Marketing Maturity Model



Source: IDC, 2012

Marketing Priorities

Each year, IDC's *CMO Tech Marketing Barometer Survey* polls respondents on their marketing priorities in the upcoming year. In 2011, the top 4 priorities were improving lead generation, building more brand awareness, improving marketing processes (e.g., measuring effectiveness and ROI), and improving alignment with sales. For 2012, the top 4 priorities are the same, as shown in Figure 18. IDC's CMO Advisory Service has extensive materials on all of these topics. For more information, please consult the Related Research section or contact IDC's CMO Advisory Service.

FIGURE 18

Marketing Priorities, 2012

Q. Please allocate 100 "importance points" to these marketing priorities for 2012.

n = 61

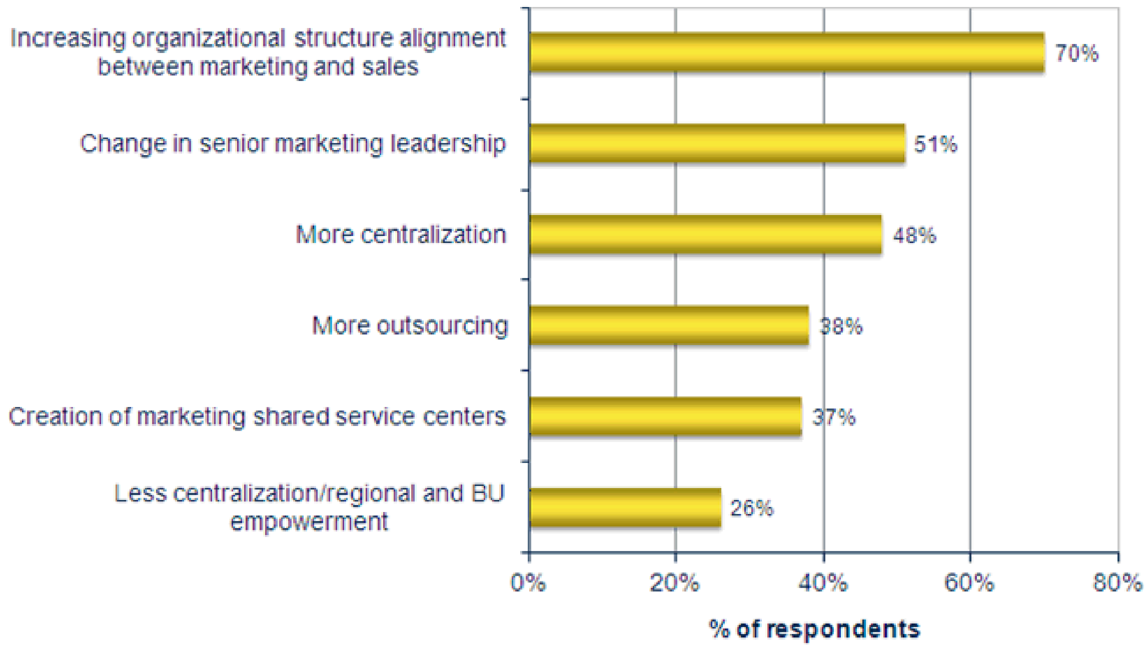
Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Figure 19 outlines respondents' answers to the question: "Do you plan to make any of the following significant changes to your marketing organization in 2012?" The top 3 changes are the same as in 2011 — increasing organizational structure alignment between marketing and sales, change in senior marketing leadership, and more centralization — which suggests that companies are still seeking improvement in these areas. Moreover, the percentage of respondents making these changes was even higher in 2012 than in 2011. The percentage of companies planning to increase organizational alignment between marketing and sales is up to 70% this year, which is a significant percentage. IDC's CMO Advisory Service does a considerable amount of work at the intersection between marketing and sales, and the Sales and Marketing Alignment section focuses on sales and marketing alignment.

FIGURE 19

Significant Changes to the Marketing Organization, 2012

Q. Do you plan to make any of the following significant changes to your marketing organization in 2012?



n = 61

Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

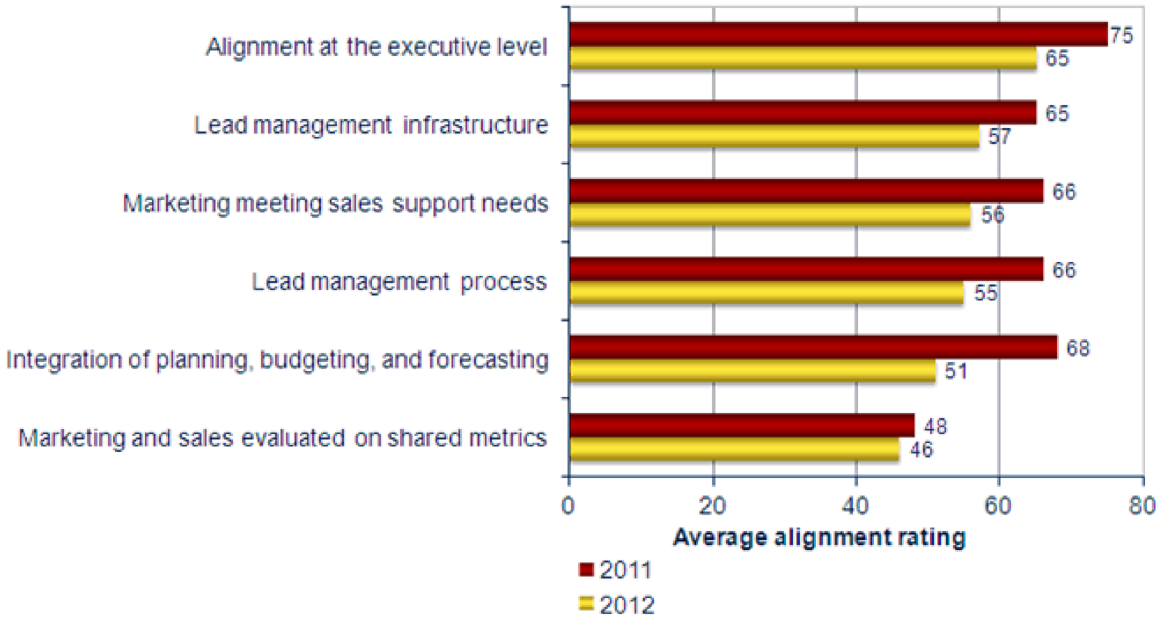
Sales and Marketing Alignment

Sales and marketing alignment has been a huge pain point for companies, and as shown in the Marketing Priorities section, most companies will be making changes to improve the situation in 2012. Marketers are frustrated with the level of alignment between marketing and sales. Figure 20 shows the average scores marketing departments gave across multiple sales and marketing alignment categories in both 2011 and 2012. In 2012, marketers gave lower alignment scores in each category, which sends a powerful message that their perception is that sales and marketing alignment is getting worse.

FIGURE 20

Alignment Rating Between Marketing and Sales, 2011 and 2012

Q. On a scale of 1 to 100 (where 1 is misaligned and 100 is perfectly aligned), score the alignment rating between marketing and sales for each of the following dimensions.



n = 61

Source: IDC's *2012 CMO Tech Marketing Barometer Survey*

Benchmarks to Optimize Sales and Marketing Productivity

Marketing executives need to get more prescriptive about sales and marketing alignment, and some of the best tools for this evaluation are IDC's new sales and marketing benchmarks and key performance indicators (KPIs), which are shown in Figure 21. The data for these benchmarks was collected during IDC's 2011 sales and marketing benchmarks studies.

FIGURE 21

Eight New Benchmarks to Optimize Sales and Marketing Productivity

M&S Operational Attributes	Mktg. & Sales KPIs	Industry Benchmark	IDC Insight/ Guidance
Investment	Marketing *and* sales budget ratio	10.6%	▪ Control overall cost. . . but. . . ▪ Increase the marketing component
	Sales-to-marketing investment ratio	4:1	
	Marketing investment per sales head count	$40K to $70K	
Staff efficiency	QBHC-to-field marketing ratio	32:1	▪ Strategically increase support staff ▪ Monitor sales' time allocation and efficiency
	Program-to-people KPI	27%	
Productivity levers	M&S operations staff as a percentage of total M&S staff	4.7%	▪ Establish accountability in both mktg. and sales ▪ Leverage a COE model with regional extensions ▪ Focus on process areas at the intersection
	Sales enablement score	47 out of 100	
	Lead management score	52 out of 100	

QBHC = quota-bearing head count

COE = center of excellence

Source: IDC, 2012

Benchmarks depend on specific company environments, but since IDC's sales and marketing benchmarks database has a balanced blend of hardware, software, and services companies of different sizes and channel strategies, these top-line numbers are useful in evaluating the industry as a whole and tracking trends. In detail:

- **Investment.** The marketing and sales budget ratio calculates marketing and sales investment as a percentage of revenue. The industry benchmark in this area is 10.6%, but that number will vary depending on the company environment — a services company will generally have a lower ratio, and a software company will have a higher ratio. Of the total dollars invested in sales and marketing, the industry split between sales and marketing is 4:1, which means that for every dollar spent on marketing four are spent on sales. The last investment KPI is marketing investment per sales head count, which is currently $40,000 to $70,000. From looking at all of these KPIs, the key guidance is that companies must understand what their numbers are, get control over the costs, and increase the marketing portion. Buyers are continually telling IDC that sales teams are pursuing them too hard. IDC believes that the current model of four sales dollars per marketing dollar is imbalanced and that companies should instead shift some funds into marketing and target potential buyers with marketing when they are evaluating different options.

- **Staff efficiency.** IDC has calculated two KPIs to examine sales and marketing staff efficiency: the quota-bearing head count–to–field marketing ratio, which is 32:1, and the program-to-people ratio, which is 27% (e.g., 27% of total sales and marketing spend is dedicated to programs). Thus this view shows both the distribution between marketing staff and sales staff in the field and the split between outsourcing (program spend) and insourcing (internal staff). The key takeaway from these data is that companies must increase their support staff, either in the marketing organization as field marketing or in the sales organization as sales operations. Currently, there are too few support staff assisting the quota-bearing sales representatives, and this is a weakness revealed by these benchmarks.

- **Productivity levers.** Finally, the combined sales and marketing benchmarks evaluate what IDC calls productivity levers. The first productivity lever is marketing and sales operations staff as a percentage of total marketing and sales staff — which currently is 4.7%. IDC believes that both marketing operations and sales operations are foundational elements of the next-generation marketing and sales organization and that companies should strive to have from 6% to 8%, or even as high as 10%, of total sales and marketing staff dedicated to these roles. The other two productivity levers are lead management and sales enablement; on average, companies received low scores in these areas at 52 and 47 out of 100, respectively. Although companies are making progress, there is a lot more opportunity on the table for lead management and sales enablement, and companies must push proficiency forward in these areas.

IDC discussed these combined marketing and sales benchmarks in length in *A Cohesive Sales and Marketing Strategy: Real Key Performance Indicators to Assess Your Investment and Process Alignment* (IDC #WC20111208, December 2011).

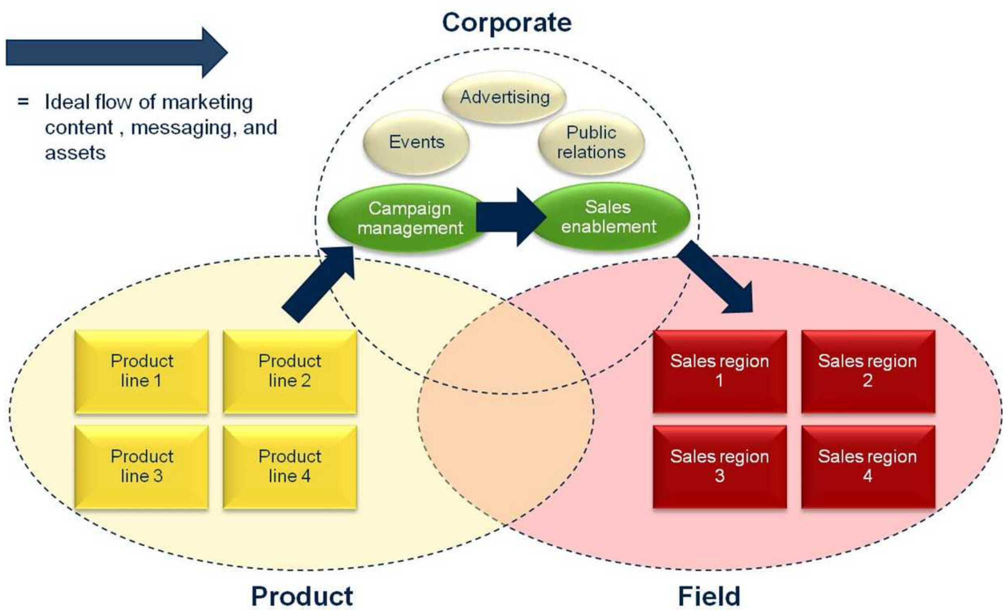
Sales Enablement

IDC defines sales enablement as the delivery of the right information to the right person at the right time in the right format and in the right place to assist in moving a specific sales opportunity forward. At year-end 2011, sales enablement accounted for 3.7% of total marketing staff (refer back to Figure 9). In 2012, only 18% of survey respondents are expecting to increase staff in this area (refer back to Figure 10), and IDC feels that this is a mistake — especially since marketers are dissatisfied with current levels of sales and marketing alignment.

IDC's essential guidance states that companies should invest in sales enablement to improve the quality of assets, assist sales representatives in locating and utilizing internal information, and enhance the capabilities of sales enablement portals, among other initiatives. All too often, marketing content emerges from the product lines and goes straight into the field. IDC believes that a better model is for content to first pass through campaign management and sales enablement before flowing into the field. This way, marketing's messaging is coordinated by all three areas of marketing: product, corporate, and field (see Figure 22 for an illustration of the ideal flow of information and Figure 23 for sales enablement's role in IDC's sales productivity framework).

FIGURE 22

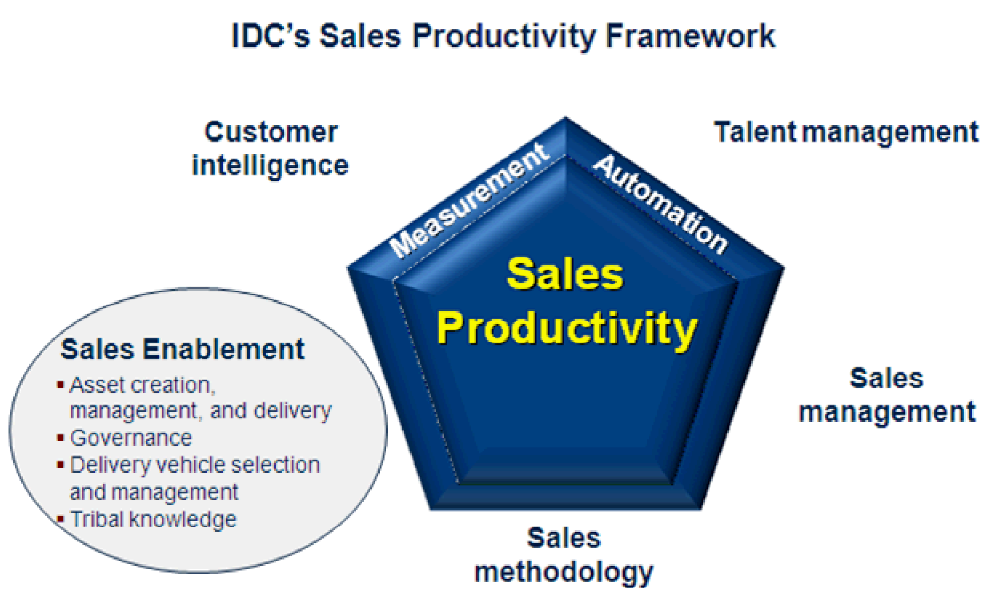
Marketing Content Production and Sales Enablement Coordination Through Product, Corporate, and Field



Source: IDC, 2012

FIGURE 23

Sales Enablement's Role in IDC's Sales Productivity Framework



Source: IDC, 2012

FUTURE OUTLOOK

Tech marketing organizations have been in somewhat of a snow-globe swirl of reorganization, budgetary upheaval, and operational transformation over the past two years. IDC expects to see that some of this volatility that has so shaken tech marketing organizations will settle down a bit as we work our way through 2012 and beyond. This does not mean that the "tech marketing transformation" will not continue to sweep through organizations. It means that living with transformational change and embracing the change are now the new reality, but they do not rock the marketing organization with the "shock factor" of recent periods.

ESSENTIAL GUIDANCE

The marketing budget investment trend of the past three years, wherein marketing budgets are growing at about half the rate of revenue, could be with us for a while, until real confidence returns to top-line growth and the underlying investment to drive that. In the meantime, IDC's essential guidance for tech CMOs with regard to budgets is twofold. First, search for marketing budget efficiencies within the existing cost envelope. Typically, you will find those opportunities at the "boundaries" of the various marketing organizations: where corporate marketing shares a boundary with product marketing or where corporate marketing shares a boundary with field marketing. The second area will take more time and effort, but it involves redrawing the pathways through which a customer or a prospect is "processed" through all of the marketing and sales execution — steps that are your current "business model" for creating a customer. This work will require a tight-working compact and mental alignment between the CMO and the CSO. In addition, IDC offers the following essential guidance for marketing automation, social marketing, sales and marketing alignment, and sales enablement:

- As the breadth of marketing technologies and points of interaction with enterprise systems expand, it becomes increasingly important to have a cross-functional committee to oversee IT purchases across all customer-facing functions. IDC believes the Customer Data Governance Council is ideal to coordinate these purchases, and companies should actively expand the mission of these councils to include IT purchase reviews.

- Marketing executives should conduct a deep evaluation of their companies' social marketing capabilities and then honestly plot themselves on IDC's 2012 Social Marketing Maturity Model. This model not only describes the characteristics of each stage but also provides guidance on the factors that must be achieved to move forward. IDC's CMO Advisory Service can also offer more customized guidance based on specific company circumstances; please contact Joseph Ferrantino at jferrantino@idc.com for more details.

- Marketers are reporting lower sales and marketing alignment scores in 2012. Companies need to get more prescriptive about sales and marketing alignment, and some of the best tools for this evaluation are IDC's new sales and marketing benchmarks and key performance indicators. Currently, the average company invests one dollar in marketing for every four that it invests in sales. Companies must understand what their numbers are, get control over the costs, and increase the marketing portion. Buyers are continually telling IDC that sales teams are pursuing them too hard. IDC believes that the current model of four sales dollars per marketing dollar is imbalanced and that companies should instead shift some funds into marketing and target potential buyers with marketing when they are evaluating different options. Moreover, these benchmarks reveal that at 32:1, quota-bearing sales representatives have too few support staff assisting them.

- Companies should invest in sales enablement to improve the quality of assets, assist sales representatives in locating and utilizing internal information, and enhance the capabilities of sales enablement portals, among other initiatives. All too often, marketing content emerges from the product lines and goes straight into the field. IDC believes that a better model is for content to first pass through campaign management and sales enablement before flowing into the field. This way, marketing's messaging is coordinated by all three areas of marketing: product, corporate, and field.

LEARN MORE

Related Research

- *Social Collaboration for Sales: Cutting Through the Hype* (IDC #233340, March 2012)

- *Hot Topic Call Summary: Preparing for Marketing Automation* (IDC #233125, February 2012)

- *The Failure of Marketing ROI* (IDC #232661, February 2012)

- *What's Killing the Traditional Funnel?* (IDC #232511, January 2012)

- *Vendor Profile: Qvidian Sales Enablement Playbooks and Proposal Automation* (IDC #231889, January 2012)

- *Leveraging Sales Enablement to Improve Sales Productivity: A Best Practice Case Study at T-Systems* (IDC #232490, January 2012)

- *A Cohesive Sales and Marketing Strategy: Real Key Performance Indicators to Assess Your Investment and Process Alignment* (IDC #WC20111208, December 2011)

- *Sales and Marketing Leadership Meeting Highlights, October 2011: Customer Panels, Sales Enablement, Lead Management, and IDC Productivity Benchmarks* (IDC #231281, November 2011)

- *Transforming Lead Management: How the New Buyer Is Killing Your Funnel (and What to Do About It)* (IDC #WC20111117, November 2011)
- *IDC's Worldwide Sales, Marketing, and Market Intelligence Taxonomy, 2012: Guidelines for Cost Control and Resource Allocation* (IDC #231252, November 2011)
- *Marketing Investment Planner 2012: Benchmarks, Key Performance Indicators, and CMO Priorities* (IDC #231278, November 2011)
- *Sales Enablement — 90% Process, 10% Technology: A Best Practice Case Study of Sales Enablement at Oracle* (IDC #230546, October 2011)
- *Best Practices in Customer Data Management and Customer Record Management* (IDC #229931, August 2011)
- *The Buyer Speaks: IDC's 2011 Buyer Experience Survey — Guidance for Sales and Marketing* (IDC #228987, July 2011)
- *The Market Intelligence Organization of the Future: Strategic Investments and Priorities* (IDC #228187, May 2011)

Synopsis

This IDC study discusses IDC's *2012 CMO Tech Marketing Barometer Survey,* which analyzes the level and direction of overall tech marketing spend to help guide IDC clients in their marketing investment and allocation decisions. In 2011, IDC observed an unprecedented level of marketing organization change and marketing budget disruption across the tech vendor community. We expect much less new "drama" in marketing organizations and operations in 2012, though there is plenty of existing or leftover drama to grapple with. IDC's *2012 CMO Tech Marketing Barometer Survey* will assist marketing executives in navigating the current marketing climate by providing trends and essential guidance on marketing investment strategies, marketing automation, social marketing structure and proficiency, marketing priorities, sales and marketing alignment, and sales enablement.

"The marketing budget investment trend of the past three years, wherein marketing budgets are growing at about half the rate of revenue, could be with us for a while, until real confidence returns to top-line growth and the underlying investment to drive that." — Rich Vancil, VP, IDC's Executive Advisory Group