The Rise of the Third R: Relationships

ITSMA’s 2018 State of the Marketing Profession

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Julie Schwartz  Senior Vice President, Research and Thought Leadership, ITSMA

#ITSMA18
2018: The Year of Relationships

Marketing that is more targeted, tailored, and personal
Buyers work with providers that know them, provide personalized content, and build trust, both on and offline.

Buyers want innovative ideas that are relevant to their business issues.

- Specific to your industry: 33%
- Full of measurable results, especially ROI metrics: 33%
- Innovative, providing new thinking or a new way to solve a business problem: 31%

Of buyers view content, especially thought leadership, as critical or important during the early stage of the buying process: 89%.

Although the time spent online is growing, buyers still spend a large portion of their time offline: 43% online, 57% offline.

Buyers want innovative ideas that are relevant to their business issues.

- Specific to your industry
- Full of measurable results, especially ROI metrics
- Innovative, providing new thinking or a new way to solve a business problem

Trustworthiness, an attribute based on personal interaction, is key for deciding which providers make the shortlist.

- Trustworthiness: 41%
- Knowledge and understanding of our industry: 33%
- Experience with the technology and/or solution: 33%

% of respondents (N=417)
Source: ITSMA, How Buyers Choose Survey, 2017
The rise of the third “R”

Reputation

Revenue

Relationships
When marketers execute the right balance among their three roles, they deliver business value.
For the first time, marketers are investing seriously in building and sustaining relationships

Of marketing organizations are increasing their engagement & advocacy budgets in 2018

% increasing engagement & advocacy spend

- 2013: 32%
- 2014: 22%
- 2015: 42%
- 2016: 34%
- 2017: 33%
- 2018: 65% (N=37)

We see healthy growth in both services marketing budgets and staff, but not for all

In FY2018, do you expect your services marketing budget to increase, decrease, or stay the same when compared to FY2017?

<table>
<thead>
<tr>
<th>2017 B2B Services Marketing Budget Growth:</th>
<th>11.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase: 40%</td>
<td></td>
</tr>
<tr>
<td>Decrease: 16%</td>
<td></td>
</tr>
<tr>
<td>Stay the same: 44%</td>
<td></td>
</tr>
</tbody>
</table>

What changes do you anticipate in your marketing staff in FY2018?

<table>
<thead>
<tr>
<th>2017 B2B Services Marketing Staff Growth:</th>
<th>7.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase: 49%</td>
<td></td>
</tr>
<tr>
<td>Decrease: 12%</td>
<td></td>
</tr>
<tr>
<td>Stay the same: 40%</td>
<td></td>
</tr>
</tbody>
</table>

% of respondents (N=43)
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
2018’s top marketing priorities show the importance of ABM, digital marketing, and lead generation

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>Account-based marketing (ABM)</td>
</tr>
<tr>
<td>1</td>
<td>5</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>9</td>
<td>Digital and social media marketing</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>Lead generation, management, and nurturing</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>Brand/reputation management/differentiation</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>Sales and marketing alignment</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>3</td>
<td>8</td>
<td>Marketing performance management</td>
</tr>
<tr>
<td>4</td>
<td>10</td>
<td>–</td>
<td>–</td>
<td>10</td>
<td>13</td>
<td>Influencer marketing</td>
</tr>
<tr>
<td>4</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>10</td>
<td>Integrating marketing programs and messaging</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>Thought leadership development and dissemination</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>13</td>
<td>5</td>
<td>6</td>
<td>14</td>
<td>Marketing technology and automation systems</td>
</tr>
</tbody>
</table>

The top three priorities focus on enhancing engagement and nurturing relationships

- Account-based marketing (ABM)
- Digital and social media marketing
- Lead generation, management, and nurturing
Account-based marketing (ABM)

Digital and social media marketing

Lead generation, management, and nurturing
Account-based marketing is leading the increased investment in engagement & advocacy

How do you anticipate the components of your engagement & advocacy spend changing in FY2018?

% of respondents (N~32)

<table>
<thead>
<tr>
<th>Component</th>
<th>Increasing Spend (% of respondents)</th>
<th>Decreasing Spend (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account-based marketing</td>
<td>67</td>
<td>0</td>
</tr>
<tr>
<td>Reference development management</td>
<td>52</td>
<td>-3</td>
</tr>
<tr>
<td>Customer success</td>
<td>47</td>
<td>-3</td>
</tr>
<tr>
<td>Customer experience management</td>
<td>43</td>
<td>-3</td>
</tr>
<tr>
<td>Customer satisfaction &amp; loyalty</td>
<td>38</td>
<td>-5</td>
</tr>
<tr>
<td>Executive programs</td>
<td>36</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
ABM is still ramping up and budgets are growing fast

Are you currently doing account-based marketing (ABM) as defined by ITSMA?

% of respondents (N=40)

- 27% No
- 33% No, but we are planning to implement in the next one to two years
- 40% Yes

Approximately what percentage of your marketing budget was/will be dedicated to account-based marketing?

Mean % of Marketing Budget

- 9% (2015 N=15)
- 11% (2016 N=15)
- 20% (2017 N=12)
- 28% (2018 est. N=12)

Note: Account-based marketing (ABM): treating individual accounts as markets in their own right.

Marketing Priority #1b

- Account-based marketing (ABM)
- Digital and social media marketing
- Lead generation, management, and nurturing
Digital marketing continues to be the fastest growing segment of the budget

How do you anticipate your digital and offline marketing spend changing in FY2018?

% of respondents (N~40)

Digital marketing

-7

31

Increasing spend
Decreasing spend

Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Marketers now spend an equal amount on digital and offline marketing

How was/will your digital & offline marketing spend be allocated?
Mean % (N=34)

FY2017

- Digital marketing: 45%
- Offline marketing: 55%

FY2018 (est.)

- Digital marketing: 50%
- Offline marketing: 50%

Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
### Digital Marketing (N=37)

<table>
<thead>
<tr>
<th>Activity</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online advertising/paid search/promoted posts</td>
<td>-5</td>
</tr>
<tr>
<td>Corporate website, microsites, landing pages</td>
<td>2</td>
</tr>
<tr>
<td>Public online communities/social media (e.g., LinkedIn, Facebook, Twitter)</td>
<td>0</td>
</tr>
<tr>
<td>Search engine optimization (SEO)</td>
<td>-5</td>
</tr>
<tr>
<td>Blogs</td>
<td>-5</td>
</tr>
<tr>
<td>Webinars and virtual events</td>
<td>0</td>
</tr>
<tr>
<td>Mobile marketing and apps</td>
<td>-4</td>
</tr>
<tr>
<td>Email, electronic newsletters</td>
<td>-10</td>
</tr>
<tr>
<td>Private online communities (hosted or sponsored by your company)</td>
<td>-7</td>
</tr>
<tr>
<td>Executive briefing and innovation centers</td>
<td>-3</td>
</tr>
<tr>
<td>In-person events/meetings</td>
<td>-27</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>-8</td>
</tr>
<tr>
<td>Direct mail</td>
<td>-28</td>
</tr>
<tr>
<td>Advisory boards</td>
<td>-3</td>
</tr>
<tr>
<td>Philanthropy/corporate social responsibility</td>
<td>-3</td>
</tr>
<tr>
<td>Radio/TV advertising</td>
<td>-39</td>
</tr>
<tr>
<td>Print collateral</td>
<td>-37</td>
</tr>
<tr>
<td>Print/outdoor advertising</td>
<td>-38</td>
</tr>
<tr>
<td>Print magazines, newsletters, books</td>
<td>-31</td>
</tr>
</tbody>
</table>

### Offline Marketing (N=32)

<table>
<thead>
<tr>
<th>Activity</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive briefing and innovation centers</td>
<td>50</td>
</tr>
<tr>
<td>In-person events/meetings</td>
<td>46</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>34</td>
</tr>
<tr>
<td>Direct mail</td>
<td>28</td>
</tr>
<tr>
<td>Advisory boards</td>
<td>24</td>
</tr>
<tr>
<td>Philanthropy/corporate social responsibility</td>
<td>23</td>
</tr>
<tr>
<td>Radio/TV advertising</td>
<td>15</td>
</tr>
<tr>
<td>Print collateral</td>
<td>11</td>
</tr>
<tr>
<td>Print/outdoor advertising</td>
<td>10</td>
</tr>
<tr>
<td>Print magazines, newsletters, books</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: ITSMA, 2018

Services Marketing Budget Allocations and Trends

We see increasing spend in both on and offline tactics

How do you anticipate your marketing tactics spend changing in FY2018 compared to FY2017?

% of respondents
Marketing Priority #1c

- Account-based marketing (ABM)
- Digital and social media marketing
- Lead generation, management, and nurturing
As lead generation shifts to nurturing and relationship development, recognition of marketing’s contribution to revenue grows.

Senior management would strongly agree that marketing contributes to revenue growth: % of respondents

- **2014**
  - Primary Emphasis: Lead generation (MQLs, SQLs)
  - 7%

- **2018**
  - Primary Emphasis: Lead nurturing and relationship development
  - 23%
Effective lead generation, management, and nurturing require...

- High quality content and thought leadership
- Data and analytics
- Marketing technology and automation
- Sales and marketing alignment
- Integrated campaigns and messaging
- Agility
In 2018, what areas of marketing expertise are the most important to strengthen to ensure your marketing organization can fulfill its role effectively?

% of respondents (N=43)

Note: Up to five responses allowed.
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Here’s what the B2B services marketing high performers have planned for 2018

• Transforming marketing to play a more strategic role, bringing insight and innovation, and contributing to growth
• Focusing on enhancing the total customer experience and ensuring customer success
• Developing world-class marketing operations organizations
• Building highly-targeted, personalized, content-driven lead management and nurturing programs
• Cultivating long term relationships with account-based marketing
High performance marketers are guiding strategy, bringing innovation and contributing to revenue.

<table>
<thead>
<tr>
<th>Statement</th>
<th>High Performers</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing contributes to revenue growth</td>
<td>71%</td>
<td>37%</td>
</tr>
<tr>
<td>Marketing provides valuable input to guide business strategy</td>
<td>63%</td>
<td>21%</td>
</tr>
<tr>
<td>Marketing brings insight and innovation to the business</td>
<td>58%</td>
<td>21%</td>
</tr>
</tbody>
</table>

% of respondents agree (N=43)
Note: Differences are statistically significant
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Focusing on enhancing the total customer experience and ensuring customer success

% of 2018 Engagement & Advocacy Budget (est.)

<table>
<thead>
<tr>
<th></th>
<th>High Performers</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer experience</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>management</td>
<td></td>
<td>9%</td>
</tr>
<tr>
<td>Customer success</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

% of 2018 Engagement & Advocacy Budget (est.)

Cisco Transforms to Ensure Customer Success in the Digital Future

- 59% Began Healthy Feature Utilization After Digital Engagement
- 59%

No Feature Utilization

Feature Utilization

% of respondents (N=13)
Note: Differences are statistically significant
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Building and strengthening world-class marketing operations organizations and capabilities

% that have a dedicated Head of Marketing Operations

88% High Performers (N=24)

56% Laggards (N=18)

Note: Differences are statistically significant
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Building highly targeted, personalized, content-driven lead management and nurturing programs

% of Content & Communications Marketing Budget

<table>
<thead>
<tr>
<th></th>
<th>High Performers (N=15)</th>
<th>Laggards (N=18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Generation &amp; Lead Management</td>
<td>34%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Note: Differences are statistically significant
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends

Enabling Sales Growth from a Regulatory Opportunity

This Department of Labor (DOL) Fiduciary “Rule,” the “Fiduciary” rule by those regulated package was announced on April 6, 2016. The DOL’s regulatory action is the latest in a series of regulatory actions taken in recent years by a number of federal agencies to regulate the conduct of financial professionals to protect the interests of their clients. The new rule requires financial professionals to act in the best interests of their clients, which is a significant change from the current standard, which is only a duty of care.

The rule has received mixed legal challenges, with changes in provisions following the final version of the rule, the text of which was published in the Federal Register on July 7, 2017. Additionally, an amicus brief was filed in June of 2017 by the rule’s supporters, challenging the authority of the DOL to issue such rules.

The rule was finalized by the DOL in August 2017 and took effect on January 1, 2016. Financial professionals were required to disclose their conflicts of interest to their clients.

The rule has brought significant changes to the industry, including new rules for fiduciary behavior, which require financial professionals to act in the best interests of their clients. The rule has also brought new challenges to the industry, including legal challenges to the rule and its implementation.

Practically all officers of any updated or new DOL, including financial advisors, will be affected by the rule. Fiduciary law requires advisors to act in the best interests of their clients, and the new rule brings a new level of accountability to financial professionals.

ITSMA’s 2018 State of the Marketing Profession | January 24, 2018 | OLB180124 © 2018 ITSMA. All rights reserved. www.itsma.com #ITSMA18
Cultivating long term relationships with account-based marketing

% strengthening ABM skills in 2018

63% [High Performers (N=24)]

32% [Laggards (N=19)]

% having significant influence on key account planning

30% [High Performers (N=23)]

5% [Laggards (N=19)]

Note: Differences are statistically significant
Source: ITSMA, 2018 Services Marketing Budget Allocations and Trends
Going into 2018, the future looks bright—however, we have some concerns

• B2B services marketing budgets will grow 11.3% and staffs at 7.5% in 2018

• Marketing’s top priorities are aligned with what the business needs

• High performers are:
  • Transforming marketing to play a more strategic role, bringing insight and innovation, and contributing to growth
  • Focusing on enhancing the total customer experience and ensuring customer success
  • Developing world-class marketing operations organizations
  • Building highly-targeted, personalized, content-driven lead management and nurturing programs
  • Cultivating long term relationships with account-based marketing

Our concerns

• Marketing budgets still underfunded given what marketers are being asked to do

• Few dedicated marketing leaders for customer experience and customer success

• Over reliance on training to close marketing skills gaps

• Limited investment in and focus on data analytics/AI
1. For B2B marketers, 2018 will be The Year of Relationships: targeted, tailored, and personal #ITSMA18

2. Buyers want providers that know them, provide personalized content, and build trust, both on and offline #ITSMA18

3. B2B services marketing budgets will grow 11.3% and staffs at 7.5% in 2018 per #ITSMA18 research


5. High performance B2B marketers are investing in insight & innovation, marketing ops, ABM, lead mgmt, CX and customer success #ITSMA18
Q&A
ITSMA 2018 research themes

- Transforming marketing for the digital future: Talent, organization, and culture
- Driving growth with thought leadership and executive engagement
- Strengthening marketing’s role in customer experience and success
- Exploring the next wave of martech tools to improve impact and reporting
- Scaling account-based marketing programs: Moving to a blended strategy
## Upcoming events

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Type</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITSMA's 2018 State of the Profession Address</td>
<td>January 23, 24</td>
<td>Webcast</td>
<td>Online</td>
</tr>
<tr>
<td><strong>ITSMA AT LARGE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What Does Best-in-Class ABM Look Like?</td>
<td>January 25</td>
<td>Webcast</td>
<td>Online</td>
</tr>
<tr>
<td>ITSMA Account-Based MarketingSM Certification and Mentoring Programme—Kickoff Workshop</td>
<td>March 5–6</td>
<td>Workshop</td>
<td>London, UK</td>
</tr>
<tr>
<td>ABM Forum: ITSMA and the ABM Leadership Alliance</td>
<td>March 8</td>
<td>Forum</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>Next Steps for Marketing with Customer Experience and Success</td>
<td>March 13</td>
<td>Webcast</td>
<td>Online</td>
</tr>
<tr>
<td>Driving Growth with Thought Leadership and Executive Engagement</td>
<td>April 17</td>
<td>Webcast</td>
<td>Online</td>
</tr>
<tr>
<td>ITSMA's 2018 MARKETING LEADERSHIP FORUM</td>
<td>May 15–16</td>
<td>Global forum</td>
<td>Napa, CA</td>
</tr>
</tbody>
</table>

**More information** Visit [www.itsma.com/events/](http://www.itsma.com/events/) for the latest information and to register online.
Thank you

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