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The Down Economy Pushes B2B Digital Tactics Ahead

by Laura Ramos

for Technology Product Marketing And Management Professionals



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The Down Economy Pushes B2B Digital Tactics Ahead

Integrate Email, Digital, And Search Marketing To Make The Marketing Mix Pay Off

This is the first document in the "B2B Marketing Mix And Budget" series.

by **Laura Ramos**

with Peter Burris, Christina Lee, and Zachary Reiss-Davis

EXECUTIVE SUMMARY

As the current recession continues through 2009, a company's marketing mix must produce sales-ready results using less expensive channels. Digital marketing creates engaging, interesting experiences that rival personal selling without the cost of travel or in-person meeting logistics. Digital also lets marketers foster relationships with more stakeholders than sales can reach as inexpensively or comprehensively. Shifting to interactive tactics now lets marketers not only come out ahead of competitors when the economy turns but also establish new marketing disciplines required to address more Web-savvy and socially connected buyers.

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NOTES & RESOURCES

As part of a joint study with MarketingProfs, Forrester surveyed 317 B2B marketing professionals in firms with 50 employees or more, annual revenues ranging from less than \$20 million to more than \$5 billion, and who met our minimum criteria for marketing spend and mix.

Related Research Documents

["B2B Marketers' 2009 Budget Trends"](#)

April 24, 2009

["B2B Marketers Fail The Community Marketing Test"](#)

May 7, 2008

["B2B Marketing Needs A Makeover — Now"](#)

August 2, 2006

THE B2B DIGITAL MARKETING EXPRESS PICKS UP SPEED

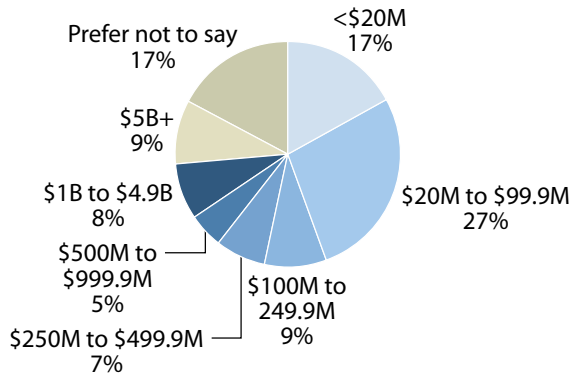
During the past three years, business-to-business (B2B) marketers have tinkered with online channels, watched social media emerge, and fretted over fitting it all into a marketing mix dominated by conventional approaches. To understand if the current recession will wake up those marketers asleep at the wheel as they chug along traditional, well-traveled tracks, Forrester teamed with MarketingProfs to survey 317 marketing professionals who work at firms with 50 or more employees and sell to business customers in seven major industry groups (see Figure 1).¹ Our results show that digital channels have begun to pay long-expected brand and demand dividends. We found that:

- **Company Web sites dominate the B2B marketing mix.** At the top of the marketing tactic popularity list sits the corporate site (see Figure 2). That 94% of respondents consider it a key element in the marketing toolbox is good news because most business buyers — 84% of those we surveyed in 2008 — say Web sites provide important information when making purchase decisions. Unfortunately, our research also finds that B2B Web sites lack the basic building blocks needed to build engagement and support customer relationship efforts.²
- **Among digital channels, email and search marketing hit the mainstream.** Email helps B2B marketers create and continue conversations vital to high-consideration, negotiated sales. With 84% of respondents using them, email and e-newsletters now equal trade shows, a B2B marketing staple, in popularity. Search marketing gained six percentage points since our previous survey, with 68% stating they use this approach; this is an important finding, as search marketing is one of the few tactics that connect to buyers actively seeking solutions.
- **Traditional approaches still hold center stage in B2B marketing programs.** Digital channels are more targetable and measurable than traditional, offline channels. Despite this fact, the majority of B2B marketers continue to make trade shows, public relations, direct mail, and print the centerpiece of their marketing plans. These tactics represent familiar territory and — like eating comfort food in stressful times, even though it may not be best for the diet — marketers continue to turn to them, despite effectiveness measures for these approaches continuing to wobble and, in some cases, plummet.
- **Cost-cutting measures whack traditional tactics hardest.** In the current economy, executives target conventional, expensive tactics first in cost-cutting measures, as they consume about 60% of the marketing budget on average.³ With executives asking B2B marketers to generate the same results with dramatically reduced resources, marketers need to take a fresh, profound look at the marketing mix.

Figure 1 Who Are The B2B Marketers We Surveyed?

1-1 Reported revenues

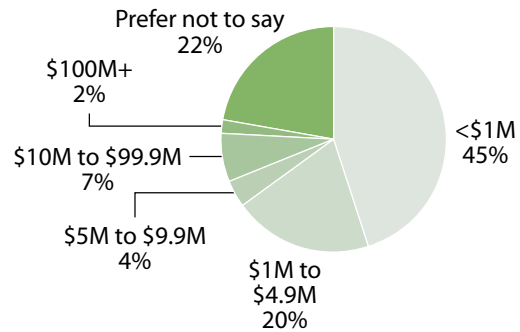
“What were your company’s worldwide revenues in 2008?”



Base: 317 B2B marketers at firms with 50 employees or more
 (percentages do not total 100 because of rounding)

1-2 Size of marketing budget

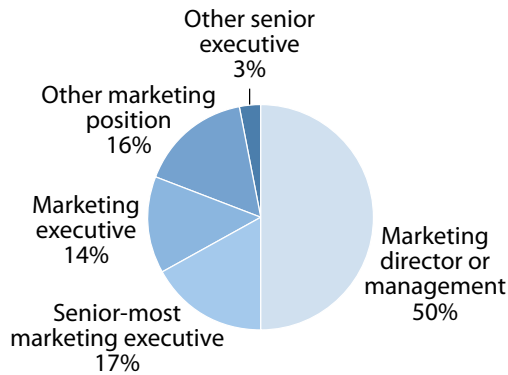
“What was your company’s total marketing budget in 2008?”



Base: 317 B2B marketers at firms with 50 employees or more

1-3 Respondent title

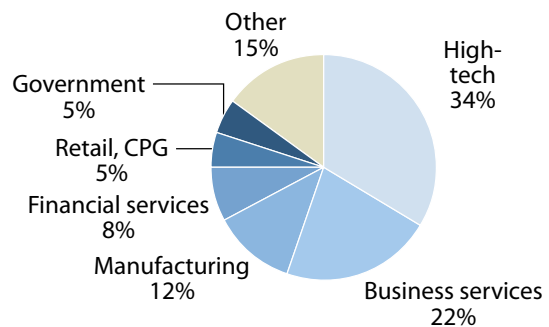
“Which best describes your title or position?”



Base: 317 B2B marketers at firms with 50 employees or more

1-4 Industry

“Which best describes your company’s industry group?”



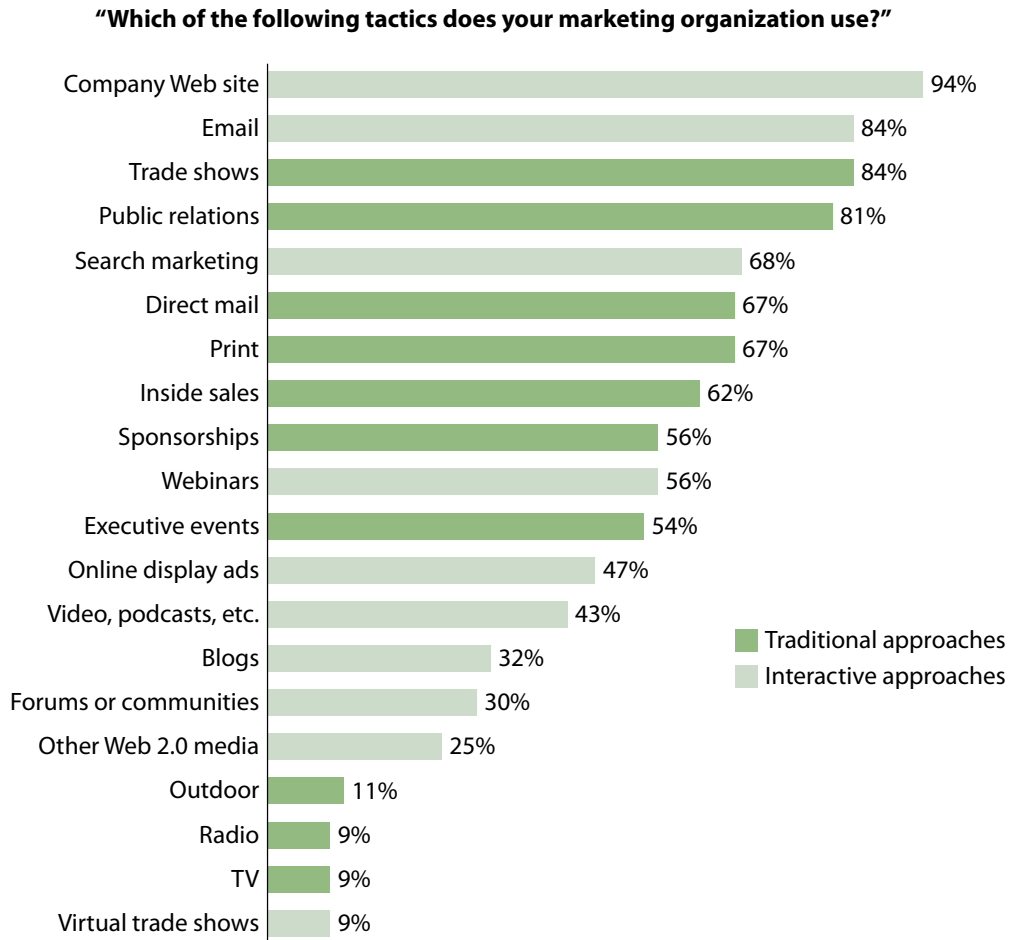
Base: 317 B2B marketers at firms with 50 employees or more
 (percentages do not total 100 because of rounding)

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs

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Source: Forrester Research, Inc.

Figure 2 Email, Trade Shows, And PR Still Dominate The B2B Marketing Mix



Base: 317 B2B marketers at firms with 50 employees or more
 (multiple responses accepted, does not include “other”)

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs

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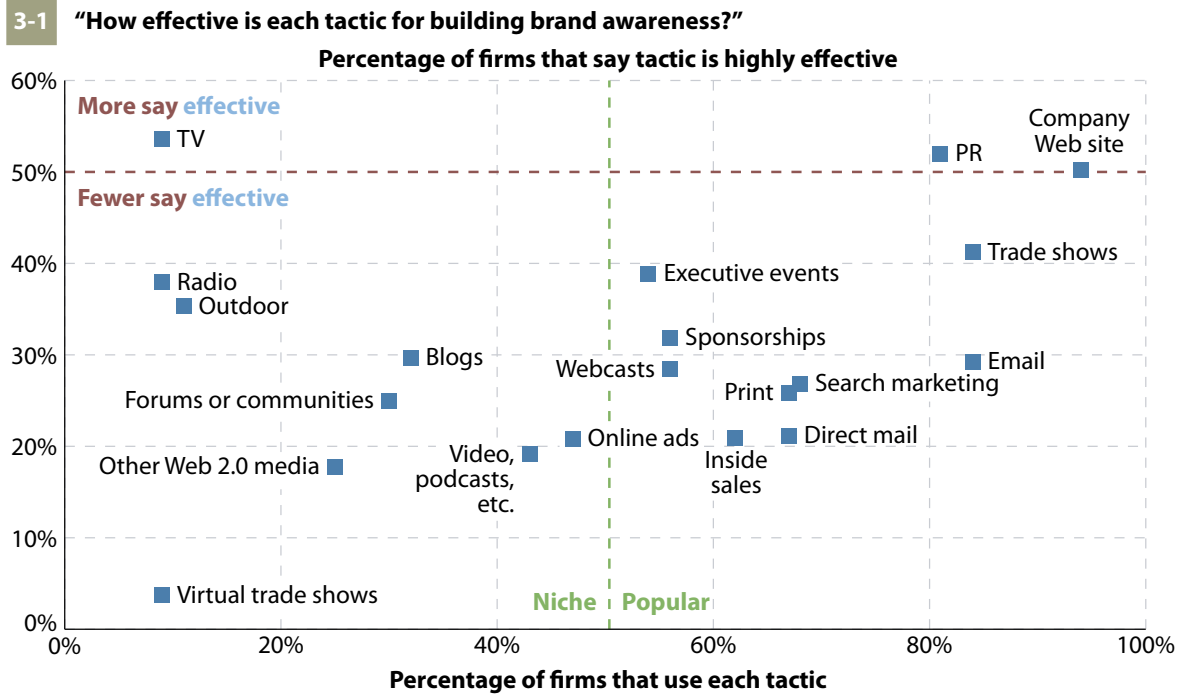
Source: Forrester Research, Inc.

But Marketing Mix Choices Consistently Jump The Track

B2B marketers must juggle an astonishing array of tactics across conventional and online channels to engage increasingly sophisticated, Web-savvy, and demanding buyers. When we compared tactic popularity against what respondents told us about how well each tactic fared in building brand awareness or generating leads, we unearthed some interesting insights and trends into the productivity of the marketing mix.

- **Much of the B2B marketing mix fails to make the grade.** Whether describing how effectively different tactics build brand or generate demand, most marketers admit that much of the marketing mix fails to deliver the returns they expect (see Figure 3). Leaning on the same old things year after year — PR and TV for awareness, and executive events and inside sales for leads — locks marketing execs in an endless loop of fighting off budget cuts and justifying marketing spending plans.⁴
- **PR, trade shows, and email raise awareness best.** Over time, B2B marketing tactics wax in popularity and wane in effectiveness. Over a multiyear period, we find that marketers agree consistently that PR and trade shows outperform other channels when building brand (see Figure 4). However, PR's effectiveness index — as measured by factoring popularity and perceived results — declined during this period. The increase in nontraditional influence sources, such as bloggers and customer ratings, diminishes the value of established marketing communications vehicles like press releases and editorial. In contrast, trade show indexes gained ground, as sales likes to press the flesh in these venues and buyers circle exhibit halls gauging product buzz. The big loser? Print: Our results echo the steep declines seen elsewhere in the media and advertising industry.⁵
- **Inside sales and executive events still drive demand, but digital erodes their impact.** Face-to-face interactions help close deals in B2B selling. More than half of business marketers who use intimate, high-touch events rate them consistently high for generating leads. But over time, we see the numbers of marketers investing in these events decline (see Figure 5). Shifts in telesales outsourcing, Webinar fatigue, and erratic trade show attendance numbers cause marketers to bounce back and forth on these approaches. The result? Email, search marketing, and Webinars continue to pull ahead as lead management automation makes it easier to develop marketing programs that displace first sales calls and continue nurturing a dialogue with prospects
- **Social tactics have yet to create an impact.** Technical buyers are a socially active crowd.⁶ So we were surprised to find that blogging, video/rich media, and other Web 2.0 tactics barely register on the marketing effectiveness radar. Blogging may help boost brands by illuminating thought-leading ideas and insider views, but it does little to turn up the heat on demand generation. Our results underscore the mediocre results that social media produces when marketers jump into the technology without understanding their audience or selecting business outcomes first.⁷

Figure 3 B2B Marketers Struggle To Produce An Effective Marketing Mix



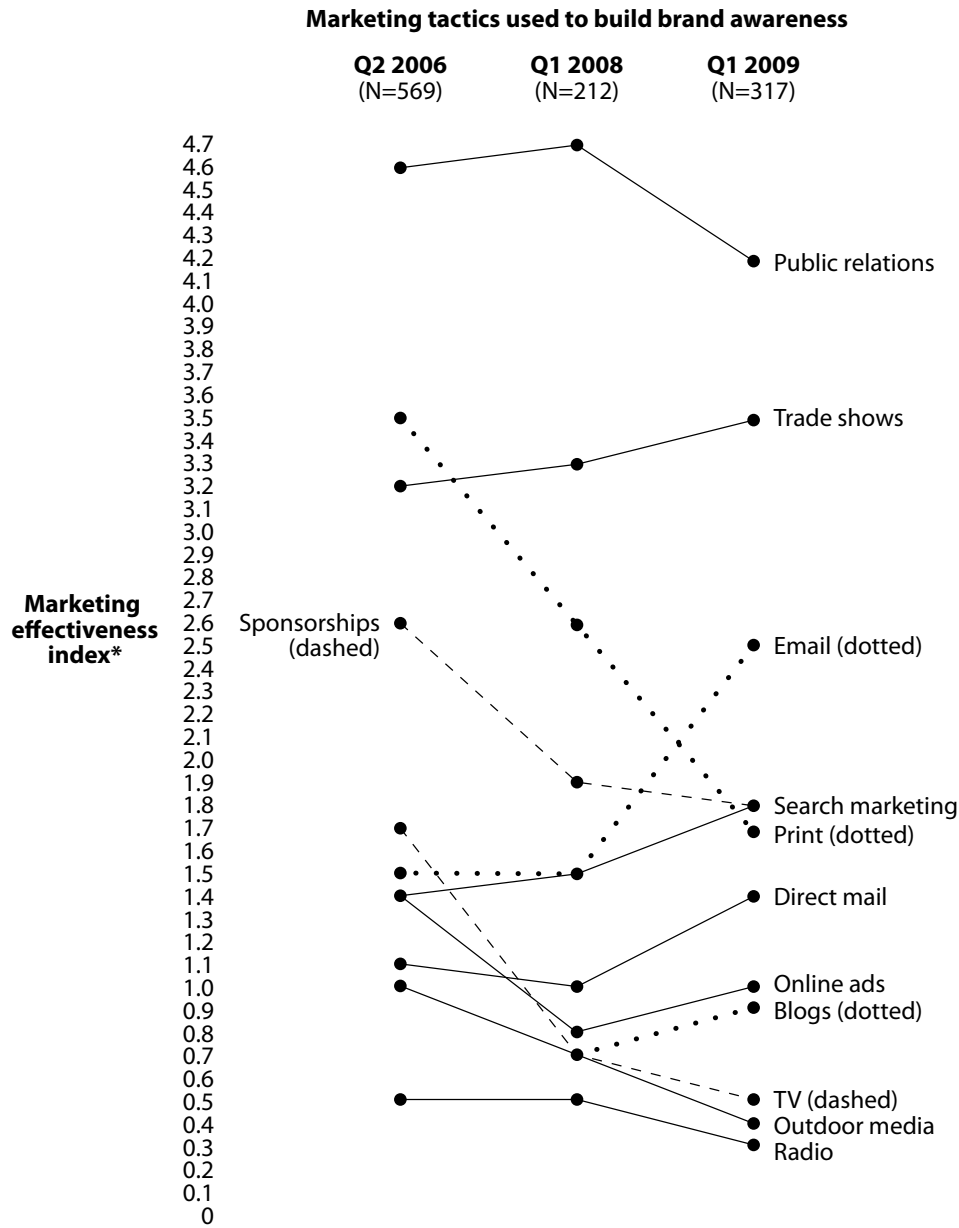
Base: 317 B2B marketers at firms with 50 employees or more

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs

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Source: Forrester Research, Inc.

Figure 4 PR And Trade Shows Boost B2B Brand Awareness



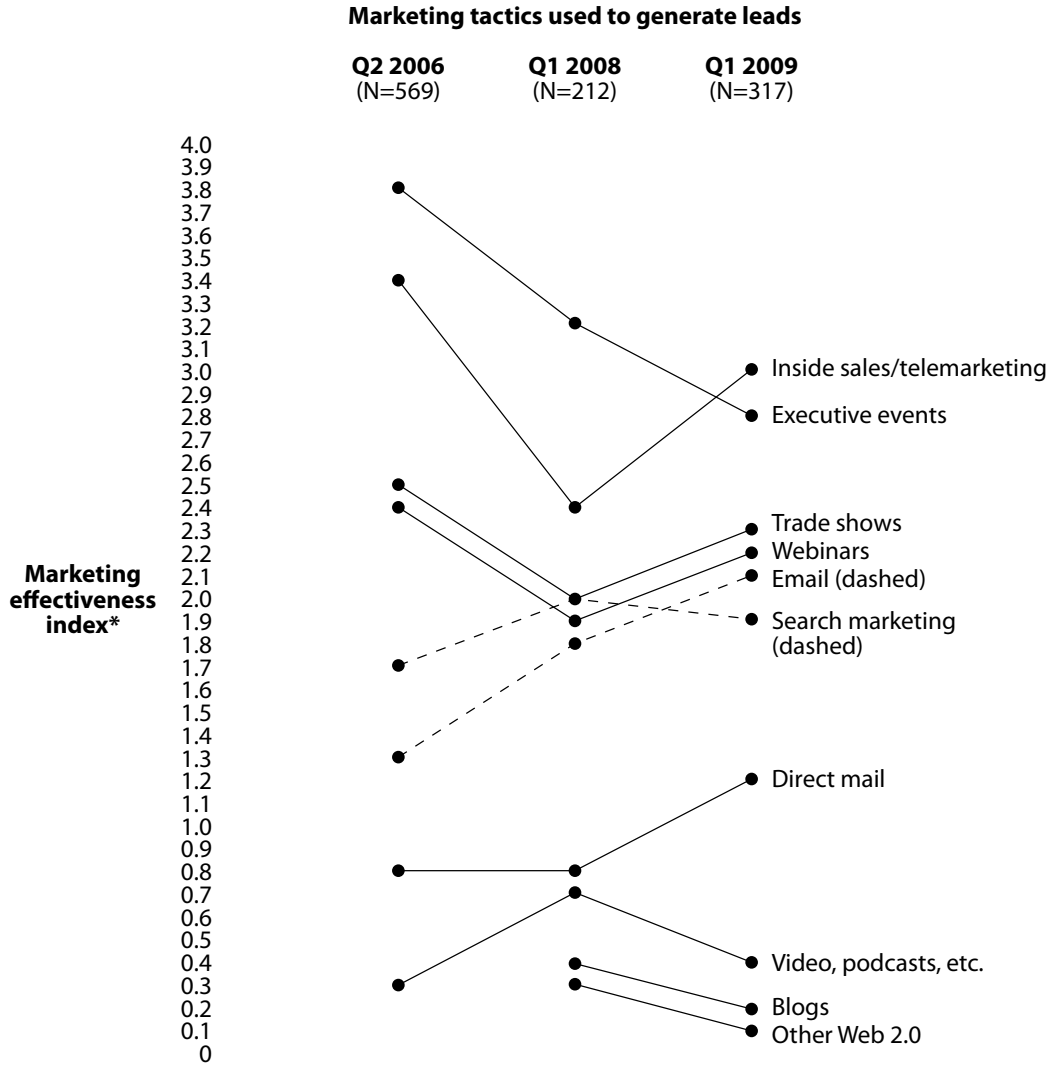
Base: B2B marketers at firms with 50 employees or more

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs
 *Note: Calculated as the product of popularity percentage and the percentage of marketers using the tactic that rated it highly effective

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Source: Forrester Research, Inc.

Figure 5 Inside Sales And Executive Events Top The Lead Generation Approaches



Base: B2B marketers at firms with 50 employees or more

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs

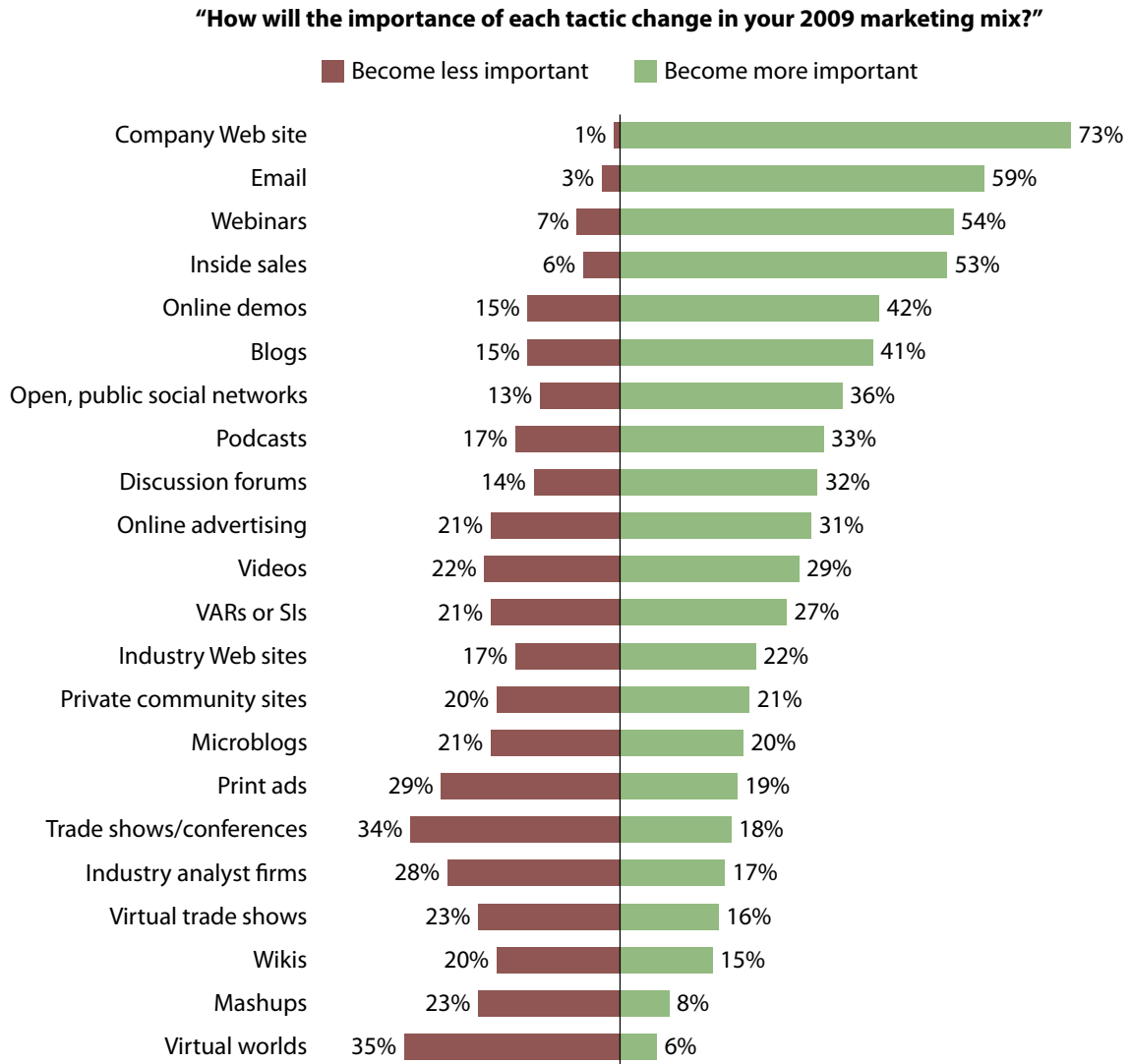
*Note: Calculated as the product of popularity percentage and the percentage of marketers using the tactic that rated it highly effective

THE DIGITAL TRAIN IS LEAVING THE STATION — TIME TO GET ON BOARD

B2B marketers must find ways to make the marketing mix produce sales-ready results as the economic slowdown persists through 2009. As they scale back on high-priced tactics like trade shows, direct mail, and print, marketers will have no choice but to embrace digital channels to close the demand generation gap. Luckily, survey respondents have heard the interactive whistle blowing, as most now put online channels at the top of their list for this year. Making the digital transformation stick this time means that:

- **Web sites must cut sales interaction costs.** Compared with online interactions, person-to-person sales calls and meetings cost much more to execute. Marketers welcome Web leverage, as 73% believe that corporate sites will become more important in their marketing mix (see Figure 6). With telesales and executive events producing less traction with buyers, Web sites become the main source of online information in the product selection, purchase, and implementation process.⁸ To capitalize on this trend, B2B marketers must upgrade online experiences and shift from an inside-out perspective that talks incessantly about features and functions to an outside-in one that focuses on helping prospects and customers accomplish buying and adoption goals.
- **Digital channels must stretch the B2B marketing mix.** In flush economic times, marketers abandon online channels that don't create immediate results and return to what's comfortable — trade shows, PR, and print.⁹ Tight budgets require stretching dollars further as marketers use email, Web-based events, online demos, and blogs to replace conventional tactics and create more engaging buyer experiences. Of the 13 tactics marketers said would figure more prominently in the 2009 marketing mix, 11 are digital approaches that create more targetable, measurable, and engaging interactions.
- **Web 2.0 tools must move from experimental to routine.** Emerging Web 2.0 tools like microblogs, virtual trade shows, and wikis — as well as long-established tactics like print ads, trade shows, and industry analyst firms — won't figure prominently in the marketing mix this year. Watch virtual trade shows in this space because business buyers — facing cuts in corporate travel — listed these online environments second to support forums as key sources of information they will tap in the coming months to inform purchase decisions.¹⁰

Figure 6 B2B Marketers Turn To Digital Tactics To Weather The Economic Downturn



Base: 278 B2B marketers at firms with 50 employees or more

Source: Forrester Q1 2009 B2B Marketing Budgets And Tactics Online Survey with MarketingProfs

54073

Source: Forrester Research, Inc.

RECOMMENDATIONS

USE DIGITAL MEDIA TO BOOST BUYER DIALOGUE AND ENGAGEMENT

Digital marketing tactics use the Internet to create a dialogue between marketers and buyers. Marketers who try to force-fit conventional offer-response-fulfill communications into these interactive channels miss new opportunities to engage buyers and sort out qualified prospects. Shifting long-held marketing practices from outbound to inbound doesn't happen successfully unless B2B marketers:

- **Create digital complements to conventional tactics.** Forget bleeding-edge stuff like avatars and virtual worlds. Instead, sit with your PR, field, and corporate communications teams to brainstorm simple, logical, digital approaches that supplement and enhance physical experiences. Get your customers to *do* something when in the buying process. Add publication-specific URLs to print ads. Embed a key or code in event gifts that unlock executive briefing content published on exclusive landing pages. Ask agency partners to produce social media outreach plans that identify five to 10 existing conversations — outside your Web site, forums, and customer conferences — where your firm can contribute expertise by engaging key bloggers or joining external community conversations.
- **Tap top sales performers' insight to craft email conversations.** Despite successfully boosting awareness and demand generation, automating email conversations can be a daunting task. The trick is to make the content sound conversational but provocative. Start by asking your top sales people to contribute and rate the top 10 email opening lines they've seen work with prospects. Narrow this down to three or four and conduct A/B testing to determine which format, elements, and offers work best on which audience. Do this yourself, then use the exercise to help select a creative/email partner, if appropriate.
- **Boost search marketing activity around specific events.** Expensive and time-consuming, trade shows remain an important B2B marketing investment. Now is the time to blend in digital marketing approaches to maximize trade show returns. Marry search engine marketing with telesales and direct mail to pull prospects to your Web site and start a conversation about the show.¹¹ Use digital media like podcasts and interviews with keynote speakers, transcribe the conversation, and syndicate the content socially to further increase site traffic.¹² Boost search-term buys for key conference themes, speaker names, and venue locations, and replicate these terms on your Web site for the duration of the show.

WHAT IT MEANS

B2B'S NEXT STOP: COMMUNITY MARKETING

Making the digital transformation stick means blending the old with the new. It will also require marketing to focus less on campaigns and leads and more on fostering customer relationships before handing them off to sales. As marketers move budget dollars online, irreversible changes

happen to the marketing mix that pave the way forward from broadcast communication to community marketing. The result is a new generation of B2B marketers who:

- **Build relationships across virtual and live venues.** Digital channels and online communities will never fully replace the value of face-to-face meetings and handshakes for building business relationships. But technology advances like telepresence and virtual trade shows supplement expensive personal contact with online experiences that reproduce the intimacy that only formal sales meetings could previously create. Gated communities and invitation-only online events that marry physical events with one-on-one attention — like the private satellite broadcasts that VELOCITY Broadcasting offers — create the impression of scarcity and exclusivity that is vital in persuading buyers to move ahead in their consideration and selection.
- **Transform proposals from boring text to eye-popping, immersive experiences.** As they sharpen their digital smarts, B2B marketers help sales replace longwinded, text-based proposals with rich media experiences that paint future outcomes vividly. Combining technology and creative, marketers create rich media experiences — like faux video newscasts, serious games, simulations, or day-in-the-life infomercials — that project positive outcomes based on deep customer profiling, not random speculation. Marketing enables sales to land bigger deals by crafting digital platforms that deliver consistent brand promises, reinforce differentiation, and demonstrate real economic returns — tasks that sales struggles to get right when flying solo.
- **Use social media to foster adoption across a portfolio of accounts.** Focused on accounts, not individual opportunities, B2B marketers intermingle inbound and outbound communication to deepen engagement among community members. Unlike B2C, however, the B2B community experience pulls in content, expertise, and problem-solving skills from external communities, like ComplianceOnline.com, to solve specific industry issues like regulatory compliance or foster interaction between affinity groups like small business owners in large metro areas. Collaborative tools like wikis, shared content libraries, and mashups let marketing apply scarce internal resources selectively to accelerate customer adoption without sacrificing implementation service revenues or shaving margins too thin.

SUPPLEMENTAL MATERIAL

Methodology

Forrester surveyed 555 marketing professionals who participate in our ongoing marketing research panel or who subscribe to MarketingProfs' newsletters and online research. The Forrester panel consists of volunteers who joined the Forrester panel on the basis of interest and familiarity with specific marketing topics. The MarketingProfs list consists of premium and free subscribers. For quality assurance, we require panelists to provide contact information and to answer basic questions about their firm's revenues, marketing budget, and marketing organization. We excluded survey respondents below certain revenue or spending thresholds.

Forrester fielded the survey online in January 2009. Respondent incentives included a summary of the survey results.

Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes. For this report, we narrowed the criteria for participation to firms with 50 or more employees.

If you're interested in joining one of Forrester's Research Panels, you may visit us at <http://Forrester.com/Panel>.

ENDNOTES

- ¹ We fielded our survey in January 2009, after the point at which most economists declared a formal, worldwide recession.
- ² When researching a technology vendor, product, or service, decision-makers can use a large number of sources. To find out where buyers go for information, we asked 7,021 North American and European enterprise IT decision-makers across a series of surveys which sources they turn to, and we found most buyers are going online. See the January 8, 2009, "[How To Take B2B Relationships From Indifferent To Engaged](#)" report.
- ³ In 2008, trade shows, direct mail, television, inside sales, and print consumed between 13% and 20% each on average. Taken together, these traditional tactics still consumed the lion's share of the B2B marketing budget. See the April 24, 2009, "[B2B Marketers' 2009 Budget Trends](#)" report.
- ⁴ Since 2006, Forrester has tracked changes in the B2B marketing mix and tactic effectiveness. While individual tactics may gain or lose in popularity from year to year, changes are slight. The majority of the marketing mix consistently fails to impact lead generation and brand awareness because no one tactic can advance the buying process alone. This makes integrating tactics and focusing on customer needs, not campaign execution, essential to B2B marketing success. See the August 2, 2006, "[B2B Marketing Needs A Makeover — Now](#)" report and see the May 7, 2008, "[B2B Marketers Fail The Community Marketing Test](#)" report.
- ⁵ Consumer or business, the publishing industry continues to lose market share to new media. The woes of this industry are well-documented, including layoffs at major titles and firms. For two recent examples, look at: Lauren Bell, "Magazine layoffs continue as more venerable pubs make cuts," DMNews, November 14, 2008 (<http://www.dmnews.com/Magazine-layoffs-continue-as-more-venerable-pubs-make-cuts/article/121061/>) and Tim Arango, "Time Inc. Plans About 600 Layoffs," The New York Times, October 28, 2008 (<http://www.nytimes.com/2008/10/29/business/media/29mag.html>).
- ⁶ Forrester surveyed more than 1,200 business technology buyers and found that B2B technology buyers exceed all previous benchmarks for social participation. B2B marketers can use the Social Technographics® Profiles of business decision-makers to design marketing programs that capitalize on these emerging social behaviors. See the February 20, 2009, "[The Social Technographics® Of Business Buyers](#)" report.

- ⁷ Marketers who focus myopically on social tools will fail to recognize and follow the disciplines needed to embrace communities. To avoid alienating socially adept buyers, B2B marketers should focus on audience and objectives first and avoid deploying social technologies as just another communication channel. See the October 21, 2008, "[Making Social Media Work In B2B Marketing](#)" report.
- ⁸ Among the thousands of tech product buyers Forrester surveyed in 2008, Web sites rank second to peer advice on the list of the most important sources of purchase information. See the October 9, 2008, "[B2B Digital Marketing: A Deep Dive Into Network And Telecommunications Decision-Makers](#)" report, see the November 19, 2008, "[B2B Digital Marketing: A Deep Dive Into IT Services Decision-Makers](#)" report, see the January 6, 2009, "[B2B Digital Marketing: A Deep Dive Into IT Hardware Decision-Makers](#)" report, and see the March 31, 2009 "[B2B Digital Marketing: A Deep Dive Into Software Decision-Makers](#)" report.
- ⁹ In prior surveys, B2B marketers consistently said they planned to increase spending on digital tactics while dialing down on traditional. But follow-up surveys still show that most of the budget is spent on conventional media. Forrester expects the depth of the current recession and the rising groundswell of at-work social behavior to force digital adoption this time around — or we'll eat our hat.
- ¹⁰ In 2009, buyers expect to use more forums, virtual trade shows, and rating/review sites in their decision making. Among social media options, these tactics most closely resemble the corporeal venues that B2B buyers have relied upon for years. See the February 20, 2009, "[The Social Technographics® Of Business Buyers](#)" report.
- ¹¹ While spending more than 20% of the marketing budget on them, marketers struggle to tie trade show value to qualified leads, deeper customer intimacy, and bottom-line value. Forrester offers a four-step process to turn these high-potential one-to-one experiences into opportunities to generate more qualified demand. See the March 13, 2008, "[B2B Marketers: Make Trade Shows Deliver Better Leads — And Value](#)" report.
- ¹² By combining podcasting with blogging and traditional tech-media syndication, HP validates its messaging via an extensive buyer audience review process that yields vetted, relevant content that HP marketing can deploy in its ongoing sales and marketing efforts. See the September 24, 2008, "[Case Study: HP Taps Social Computing To Boost B2B Podcast Results](#)" report.

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