

B2B SPENDING

2.1 B2B External Spending

The Business Marketing Association (BMA, www.marketing.org) estimates that U.S. business-to-business marketers spend about \$108 billion a year to promote their goods and services, distributed as follows:

- Trade shows/events: \$21.9 billion
- Internet/electronic media: \$15.8 billion
- Promotion/market support: \$13.8 billion
- Magazine advertising: \$13.7 billion
- Publicity/public relations: \$13.3 billion
- Direct mail: \$11.9 billion
- Dealer/distributor materials: \$ 6.6 billion
- Market research: \$ 4.8 billion
- Telemarketing: \$ 3.0 billion
- Directories: \$ 1.8 billion
- Other: \$ 6.5 billion

PricewaterhouseCoopers (PwC, www.pwc.com) assesses U.S. B2B marketing spending as follows:

- 2012: \$83.1 billion
- 2013: \$85.3 billion
- 2014: \$87.6 billion
- 2015: \$89.9 billion
- 2016: \$92.3 billion
- 2017: \$94.7 billion

The B2B market as assessed by PwC comprises five segments: business information, trade shows, trade directories, trade magazines, and professional books.

The BMA and PwC estimates include only external spending; in-house or internal spending is not included.

2.2 Digital Advertising and Marketing Spending

In the *BtoB Outlook: Marketing Priorities and Plans* survey, by *Advertising Age*, B2B marketing executives reported digital advertising spending as a percentage of their

company's overall marketing budget as follows (percentage of respondents):

- 25% or less of total spending: 39%
- 26% to 30% of total spending: 22%
- 31% to 75% of total spending: 29%
- 76% or more of total spending: 10%

Marketing executives were asked about which online platforms their company increased spending. Responses were as follows:

- Website: 66%
- Email: 63%
- Video: 63%
- Social media: 58%
- Search: 54%
- Webcasts/webinars: 52%
- Mobile: 42%
- Banners: 34%
- Sponsorships: 28%

2.3 Digital Content Publishing Spending

According to the Chief Marketing Officer (CMO) Council (www.cmocouncil.org) and NetLine (www.netline.com), B2B marketers invest an estimated \$16.6 billion annually in digital content publishing to acquire business leads and influence customer specification and consideration, as well as to educate and engage prospects. This comprises about 25% of B2B marketing budgets.

2.4 B2B Sales Collateral

In a survey of the budgets of major B2B companies, ITSMA (www.itsma.com) found that collateral represents 16% of the average corporate marketing budget. This includes spending on creating and distributing presentations, data sheets, proposals, and other content.

2.5 Market Resources

Business Marketing Association, 708 Third Avenue, 33rd Floor, New York, NY 10017. (212) 697-5950. (www.marketing.org)

Chief Marketing Officer (CMO) Council, 1494 Hamilton Avenue, San Jose, CA 95125. (408) 677-5300 x5333. (www.cmocouncil.org)

ITSMA, 91 Hartwell Avenue, Lexington, MA 02421. (781) 862-8500. (www.itsma.com)

Outsell Inc., 330 Primrose Road, Suite 510, Burlingame, CA 94010. (650) 342-6060.
(www.outsellinc.com)

PricewaterhouseCoopers (PwC), 300 Madison Avenue, 24th Floor, New York, NY
10017. (646) 471-4000. (www.pwc.com)

B2B MARKETING SPENDING TRENDS

3.1 Overview

This chapter presents a summary of *Marketing Budget And Spending Online Survey*, by Forrester Research (www.forrester.com), published by *Advertising Age* (August 2016).

3.2 Marketing Budget 2016

Business-to-business marketers reported budget changes in FY2016 as follows:

- Increased 10% or more: 3%
- Increased 5% to 9%: 14%
- Increased 5% or less: 17%
- Flat: 26%
- Reduced by 5% or less: 6%
- Reduced by more than 5%: 9%

3.3 Marketing Spending Distribution

Marketing budgets in 2016 were distributed as follows:

- In-person events: 18%
- Digital advertising/marketing: 13%
- Content marketing: 12%
- Agency fees: 7%
- Website: 7%
- PR/AR/influencer relations: 6%
- Marketing automation: 6%
- Direct marketing: 6%
- Digital events: 4%
- Market research: 4%
- Telemarketing/teleprospecting: 4%
- Data analytics: 3%
- Hospitality: 3%
- Traditional advertising: 2%
- Sponsorships: 2%
- Testing new marketing innovation: 1%

- Corporate social responsibility: 1%
- Other: 3%

3.4 Marketing Challengers

B2B marketers identified the biggest challenges in setting a marketing budget as follows (percentage of respondents; three responses per survey participant):

- Attributing program spend to revenue results: 56%
- Demonstrating a clear return on marketing investment: 52%
- Justifying proposed marketing budgets to stakeholders and senior management: 33%
- Connecting marketing goals with business objectives: 29%
- Securing incremental budget for experimentation and innovation: 27%
- Allocating program budgets across different digital and traditional channels: 21%
- Protecting budget from cuts: 21%
- Determining how and where to invest digital marketing: 20%
- Finding benchmarks across industry peer group: 15%
- Other: 4%

3.5 Market Resources

Forrester Research, 60 Acorn Park Drive, Cambridge, MA 02140. (617) 613-5730.
(www.forrester.com)

B2B MARKETING BENCHMARKS

4.1 Overview

Conducted by Duke University's Fuqua School of Business (www.fuqua.duke.edu) and sponsored by the American Marketing Association (www.marketingpower.com) and McKinsey & Company (www.mckinsey.com), *The CMO Survey* (www.cmosurvey.com) is a semi-annual poll of chief marketing officers (CMOs) from B2B and B2C companies.

4.2 B2B CMO Survey

The following are responses by CMOs in B2B products and B2B services companies in the February 2017 survey:

Change in Company Performance, Prior 12 Months	B2B Products	B2B Services
• Sales:	2.2%	5.5%
• Profit:	1.8%	4.2%
• Marketing ROI:	2.7%	3.1%
• Customer acquisition:	2.2%	4.5%
• Customer retention:	0.7%	1.5%
• Brand value:	0.8%	2.7%

Percentage of Company Sales Through The Internet

• B2B Products:	14.2%
• B2B Services:	12.5%

Marketing Budget as a Percentage Of Revenues

• B2B Products:	12.4%
• B2B Services:	7.8%

Marketing Budget as a Percentage Of Total Budget

• B2B Products:	16.9%
• B2B Services:	8.2%

Change in Marketing Budget, Prior 12 Months

- B2B Products: 5.2%
- B2B Services: 7.0%

Expected Change in Marketing Budget, Next 12 Months

- B2B Products: 8.8%
- B2B Services: 8.5%

Expected Change in Marketing Knowledge Investments, Next 12 Months

- | | B2B Products | B2B Services |
|---------------------------------------------------|--------------|--------------|
| • Developing knowledge about how to do marketing: | 4.9% | 8.5% |
| • Market research and intelligence: | 5.0% | 6.0% |
| • Marketing consulting services: | 2.5% | 4.4% |
| • Marketing training: | 2.4% | 2.5% |

Distribution of Sales

- | | B2B Products | B2B Services |
|--------------------------|--------------|--------------|
| • Domestic markets: | 81.1% | 93.0% |
| • International markets: | 18.9% | 7.0% |

Distribution of Marketing Budget

- | | B2B Products | B2B Services |
|--------------------------|--------------|--------------|
| • Domestic markets: | 85.8% | 87.5% |
| • International markets: | 14.2% | 12.5% |

Expected Change in Social Media Spending

- | | B2B Products | B2B Services |
|--------------------|--------------|--------------|
| • Current: | 14.6% | 7.9% |
| • Next 12 months: | 17.1% | 11.0% |
| • Next five years: | 25.5% | 16.3% |

Use of Social Media

- | | B2B Products | B2B Services |
|----------------------------------------------|--------------|--------------|
| • Acquiring new customers: | 27.0% | 30.4% |
| • Brand awareness and brand building: | 45.3% | 48.9% |
| • Brand promotions: | 27.7% | 27.4% |
| • Identifying new customer groups: | 14.6% | 14.1% |
| • Identifying product/service opportunities: | 8.8% | 14.8% |
| • Improving current products/services: | 6.6% | 8.9% |
| • Improving employee engagement: | 17.5% | 23.0% |
| • Introducing new products/services: | 29.9% | 27.4% |
| • Market research: | 12.4% | 14.8% |
| • Retaining current customers: | 26.3% | 24.4% |

Impact of Social Media On Business

- | | B2B Products | B2B Services |
|-------------------------------------------------------------|--------------|--------------|
| • Have proven the impact quantitatively: | 27.3% | 31.0% |
| • Good qualitative sense of impact, but not quantitatively: | 33.3% | 34.5% |
| • Have not been able to show the impact yet: | 34.5% | 34.5% |

Percentage Of Marketing Budget Spent On Mobile	B2B Products	B2B Services
• 2017:	7.1%	7.7%
• 2020:	17.2%	15.6%

Percentage of Marketing Budget Spent On Analytics	B2B Products	B2B Services
• 2017:	3.5%	4.3%
• 2020:	20.9%	20.6%

Percentage of Projects Using Marketing Analytics	
• B2B Products:	33.2%
• B2B Services:	38.5%

Expected Change in Marketing Hires, Next 12 Months	
• B2B Products:	3.7%
• B2B Services:	0.8%

Expected Change in Outsourcing of Marketing Activities, Next 12 Months	
• B2B Products:	2.3%
• B2B Services:	2.6%

4.3 Market Resources

Duke University, Fuqua School of Business, 100 Fuqua Drive, Box 90120, Durham, NC 27708. (www.fuqua.duke.edu)

TOP ADVERTISERS

8.1 Top 100 B2B Advertisers

Based on data from Kantar Media (www.kantarmedia.com), *Advertising Age* annually reports on the Top 100 companies with the highest spending for business-to-business advertising.

The August 2016 assessment reported the Top 100 B2B advertisers as follows:

• Microsoft:	\$250.4 billion
• Apple:	\$185.4 billion
• AT&T:	\$155.4 billion
• Samsung Electronics:	\$120.4 billion
• Amazon:	\$106.7 billion
• T-Mobile:	\$106.6 billion
• Verizon Communications:	\$105.4 billion
• IBM Corp.:	\$100.7 billion
• UnitedHealth Group:	\$ 97.5 billion
• Intel Corp.:	\$ 88.7 billion
• Southwest Airlines:	\$ 88.5 billion
• United Parcel Service:	\$ 83.7 billion
• Sprint:	\$ 79.5 billion
• Comcast:	\$ 74.9 billion
• Staples:	\$ 73.6 billion
• State Farm Mutual:	\$ 70.6 billion
• General Electric:	\$ 68.2 billion
• FedEx:	\$ 65.7 billion
• Monsanto:	\$ 62.6 billion
• JPMorgan Chase & Co:	\$ 61.4 billion
• Alphabet (Google):	\$ 59.7 billion
• Berkshire Hathaway:	\$ 55.3 billion
• CNO Financial Group:	\$ 52.3 billion
• Intuit:	\$ 51.7 billion
• Aflac:	\$ 50.9 billion
• Marriott:	\$ 50.2 billion
• Enterprise:	\$ 49.9 billion
• Hilton:	\$ 47.3 billion
• Wells Fargo & Co.:	\$ 45.7 billion
• HP:	\$ 44.4 billion

- Progressive: \$ 42.9 billion
- Citigroup: \$ 39.4 billion
- Nationwide Mutual: \$ 39.3 billion
- Bank of America: \$ 39.2 billion
- Zurich Insurance: \$ 38.6 billion
- Nestlé: \$ 38.3 billion
- Office Depot: \$ 38.1 billion
- Capital One: \$ 34.8 billion
- Ford Motor Co.: \$ 34.6 billion
- NRG Energy: \$ 33.7 billion
- LG Electronics: \$ 32.8 billion
- Expedia: \$ 31.0 billion
- Walt Disney Co.: \$ 27.9 billion
- American Express: \$ 27.8 billion
- American Petroleum Institute: \$ 26.9 billion
- SAP: \$ 26.6 billion
- Delta Air Lines: \$ 26.4 billion
- Squarespace: \$ 25.9 billion
- Starwood Hotels & Resorts: \$ 25.3 billion
- Humana: \$ 25.3 billion
- Fiat Chrysler: \$ 24.9 billion
- United Continental: \$ 24.8 billion
- Cigna: \$ 24.4 billion
- Recruit Holdings: \$ 24.2 billion
- Bayer: \$ 23.4 billion
- Customlink: \$ 22.1 billion
- Boeing Co.: \$ 21.7 billion
- Deere & Co.: \$ 21.3 billion
- Choice Hotels: \$ 21.2 billion
- PayPal: \$ 20.9 billion
- Wix.com: \$ 20.3 billion
- Constant Contact: \$ 19.9 billion
- Accenture: \$ 19.5 billion
- Prudential Financial: \$ 19.1 billion
- Dell: \$ 18.1 billion
- GoDaddy: \$ 16.9 billion
- Daimler: \$ 16.7 billion
- Fisher Investments: \$ 16.4 billion
- Vantage Holdings Corp.: \$ 15.8 billion
- Koch Industries: \$ 15.6 billion
- BASF: \$ 15.4 billion
- Kaiser Permanente: \$ 15.4 billion
- Siemens: \$ 15.3 billion
- InventHelp: \$ 15.0 billion

- Cisco Systems: \$ 14.9 billion
- Hyatt Hotels: \$ 14.9 billion
- Cox Enterprises: \$ 14.8 billion
- United Technologies: \$ 14.6 billion
- Uber: \$ 14.5 billion
- DuPont: \$ 14.3 billion
- Exelon: \$ 14.2 billion
- Wyndham Worldwide: \$ 14.1 billion
- InterContinental Hotels: \$ 14.0 billion
- Hewlett Packard: \$ 13.9 billion
- Kubota: \$ 13.9 billion
- U.S. Bancorp: \$ 13.9 billion
- W.W. Granger: \$ 13.9 billion
- Web.com: \$ 13.5 billion
- FirstService: \$ 13.4 billion
- Dow Chemical: \$ 13.3 billion
- CDW: \$ 13.3 billion
- Deloitte Touche Tohmatsu: \$ 13.2 billion
- Newell Brands: \$ 13.1 billion
- Seiko Epson: \$ 12.9 billion
- Anthem: \$ 12.9 billion
- Levano: \$ 12.8 billion
- Charles Schwab Corp.: \$ 12.7 billion
- Charter Communications: \$ 12.5 billion
- Northrup Grumman: \$ 12.3 billion
- Citrix Systems: \$ 12.2 billion

8.2 Market Resources

Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100.
(www.adage.com)

Kantar Media, 100 Park Avenue, 4th Floor, New York, NY 10017. (212) 991-6000.
(www.kantarmedia.com)

TOP B2B AGENCIES

9.1 B2B Agency Ranking 2016

Ranked by annual U.S. revenue, *Advertising Age* (August 2016) lists the largest B2B agencies as follows (parent companies or networks in parenthesis):

• Ogilvy & Mather (WPP):	\$548.5 million
• Freeman:	\$260.0 million
• Harte Hanks:	\$255.2 million
• PwC Digital Services (PwC):	\$219.0 million
• BBDO Worldwide (Omnicom):	\$198.9 million
• George P. Johnson (Project Worldwide):	\$168.8 million
• Wunderman (WPP):	\$153.5 million
• Epilson (Alliance Data Systems Corp.):	\$146.2 million
• McCann Worldgroup (Interpublic):	\$131.6 million
• Havas Worldwide (Havas):	\$126.4 million
• Y&R (WPP):	\$125.2 million
• DigitasLBi (Publicis):	\$110.1 million
• Derse:	\$ 94.5 million
• EPAM Systems:	\$ 85.8 million
• Rapp (Omnicom):	\$ 84.9 million
• Gyro:	\$ 84.2 million
• Global Experience Specialists (Viad Corp):	\$ 82.5 million
• AbelsonTaylor:	\$ 73.1 million
• Merkle:	\$ 63.5 million
• Ansira:	\$ 63.0 million
• MarketStar (Omnicom):	\$ 58.8 million
• DDB Worldwide (Omnicom):	\$ 57.6 million
• FCB (Interpublic):	\$ 53.5 million
• Razorfish (Publicis):	\$ 52.1 million
• Impact XM:	\$ 49.6 million
• Leo Burnett Worldwide (Publicis):	\$ 36.1 million
• Cramer:	\$ 35.5 million
• Doremus (Omnicom):	\$ 35.2 million
• Bader Rutter & Associates:	\$ 34.7 million
• Wire Stone:	\$ 33.5 million
• Tukaiz:	\$ 32.6 million
• Sparks:	\$ 30.1 million

• Jackson Marketing Group:	\$ 26.6 million
• Isobar (Dentsu):	\$ 25.1 million
• CMD (Jenn-Wen):	\$ 22.7 million
• Allen & Gerritsen:	\$ 21.4 million
• Huge:	\$ 20.0 million
• Eric Mower & Associates:	\$ 19.3 million
• Fathom:	\$ 19.0 million
• Sullivan:	\$ 16.7 million
• KBS:	\$ 16.1 million
• Godfrey Q:	\$ 16.1 million
• Gelia:	\$ 16.1 million
• Fusion Marketing:	\$ 15.5 million
• Imagination:	\$ 15.4 million
• Makovsky:	\$ 14.7 million
• The Mx Group:	\$ 14.5 million
• SourceLink:	\$ 14.0 million
• Sandbox Group:	\$ 14.0 million
• Power Agency:	\$ 13.9 million

9.2 Market Resources

Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100.
www.adage.com