Beyond the Horizon: How to Excel in Marketing’s New Frontier

IDC’s 2016 Essential Guidance for Investment Allocation and Organizational Design

IDC CMO Advisory Service
Today’s Speakers

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Critical Questions

- What are the key marketing investment trends?
- How do I stack up along key Marketing KPIs?
- How do I tailor my marketing efforts across the Buyer’s Journey?
- What is IDC’s Essential Guidance for investment planning for 2017?
Objective
- Produce industry guiding marketing benchmarks
- Provide actionable guidance to senior tech marketers
- Adhere to IDC’s industry leading taxonomy: 

Confidentiality
All answers are kept confidential by IDC and all data will be aggregated for the purposes of trend analysis. No client or other participant of the study will receive company-specific data and there will be no way for any company to "reverse-engineer" the analysis and view company-specific responses.

Key Facts
- 14th annual Tech Marketing Benchmark Study
- Total Number of Participants: 76
- Survey Start Date: 5/24/16
- Survey End Date: 9/2/16
IDC’s 2016 Tech Marketing Benchmarks Participant Demographics

**Sector**

- [CATEGORY NAME], [PERCENTAGE] Hardware: 27%
- >50% Cloud Software: 26%
- <50% Cloud Software: 26%

**Size**

- [CATEGORY NAME], [PERCENTAGE]
  - $10B+: 16%
  - $4.9B-$9.9B: 12%
  - $1B-$4.9B: 21%
  - $150M-$999M: 28%
  - $5B-$10B: 28%

**2nd vs 3rd Platform**

- 2nd Platform: 53%
- 3rd Platform: 47%

**Channel Strategy**

- Indirect: 29%
- Direct: 71%

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Highlighted Trends for 2016 Marketing Investment and Organization
Good News! The Long Drought in Tech Marketing Budgets Begins to Lift

Year-on-Year Investment Change

IT Global Revenue Growth
IT Global Marketing Investment Growth

Source: IDC’s 2016 Tech Marketing Benchmarks Study
Hello, Customer Centricity

IDC’s Customer Experience Loop

- Evaluate
- Explore
- Purchase
- Advocate
- Expand
- Renew

40% of survey participants can track investments by Buyer’s Journey Stages

Source: IDC’s 2016 Tech Marketing Benchmarks Study

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Customer Centricity Pays Off: Buyer’s Journey Users Get 38% More of the Sales + Marketing Budget*

% of Company Resources allocated to Sales vs Marketing
Source: IDC’s 2016 Tech Marketing Benchmarks Study
# 2nd Platform vs 3rd Platform: The Future of Marketing

<table>
<thead>
<tr>
<th>KPI</th>
<th>2nd Platform</th>
<th>3rd Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Marketing Staff Budget Increase</td>
<td>1.3%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Average Marketing Program Budget Increase</td>
<td>2.6%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Average Marketing Portion of the Sales + Marketing Budget</td>
<td>14%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: IDC’s 2016 Tech Marketing Benchmarks Study
Marketing Investment Trends for 2016

Total Marketing Budget

Programs

People

Digital

Budget Allocation: Buyer’s Journey Stages

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## 2016 Marketing Investment Scorecard: Total Investments

<table>
<thead>
<tr>
<th>Key Performance Indicator (KPI)</th>
<th>All Sectors</th>
<th>Hardware</th>
<th>Software &lt;50% Cloud</th>
<th>Software &gt;50% Cloud</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Revenue (Weighted Average)</td>
<td>$6.6 B</td>
<td>$14.2 B</td>
<td>$3.9 B</td>
<td>$1.5 B</td>
<td>$6.6 B</td>
</tr>
<tr>
<td>Revenue Change (Year over Year)</td>
<td>2.5%</td>
<td>0.4%</td>
<td>5.2%</td>
<td>26.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total Marketing Budget</td>
<td>$114.4 M</td>
<td>212.4 M</td>
<td>$96.0 M</td>
<td>$73.1 M</td>
<td>64.1 M</td>
</tr>
<tr>
<td>Marketing Budget Ratio - Current Year (Total Marketing Spend/Total Company Revenue)</td>
<td>1.7%</td>
<td>1.5%</td>
<td>2.4%</td>
<td>4.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Marketing Investment Change (Year over Year change in total marketing budget)</td>
<td>5.2%</td>
<td>0.2%</td>
<td>13.2%</td>
<td>14.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>N=</td>
<td>73</td>
<td>20</td>
<td>19</td>
<td>19</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: IDC’s 2016 Tech Marketing Benchmarks Study
# 2016 Marketing Investment Scorecard: Marketing + Sales & Marketing vs Sales

<table>
<thead>
<tr>
<th>Key Performance Indicator (KPI)</th>
<th>All Sectors</th>
<th>Hardware</th>
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<tr>
<td>Average Revenue (Weighted Average)</td>
<td>$6.6 B</td>
<td>$14.2 B</td>
<td>$3.9 B</td>
<td>$1.5 B</td>
<td>$6.6 B</td>
</tr>
<tr>
<td>Total Company SG&amp;A Spend ($M)</td>
<td>$992 M</td>
<td>$1.9 B</td>
<td>$866 M</td>
<td>$91 M</td>
<td>$1.2 B</td>
</tr>
<tr>
<td>SG&amp;A-to-Revenue Ratio (Total Company SG&amp;A/Total Company Revenue)</td>
<td>19.9%</td>
<td>16.7%</td>
<td>30.4%</td>
<td>42.2%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Marketing-to-SG&amp;A Ratio (Total Marketing Spend/Total Company SG&amp;A)</td>
<td>10.8%</td>
<td>12.2%</td>
<td>15.0%</td>
<td>21.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Sales-to-Marketing Cost Envelope Ratio (% of Company Resources allocated to Sales vs Marketing)</td>
<td>84% : 16%</td>
<td>86% : 14%</td>
<td>80% : 20%</td>
<td>72% : 28%</td>
<td>91% : 9%</td>
</tr>
<tr>
<td>N=</td>
<td>73</td>
<td>20</td>
<td>19</td>
<td>19</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: IDC’s 2016 Tech Marketing Benchmarks Study
2016 Scorecard, Continued

Total Marketing Budget

Programs

People

Digital

Budget Allocation: Buyer’s Journey Stages

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## 2016 Marketing Investment Scorecard: Program and People Investments

<table>
<thead>
<tr>
<th>Key Performance Indicator (KPI)-Program Spend</th>
<th>All Sectors</th>
<th>Hardware</th>
<th>Software &lt;50% Cloud</th>
<th>Software &gt;50% Cloud</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program-to-People Ratio (Program spend vs. Staff spend)</td>
<td>63% : 37%</td>
<td>66% : 34%</td>
<td>59% : 41%</td>
<td>60% : 40%</td>
<td>61% : 39%</td>
</tr>
<tr>
<td>Marketing Programs Investment Change (Year over Year change in Marketing Program Budget)</td>
<td>3.9%</td>
<td>0.0%</td>
<td>16.9%</td>
<td>6.8%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Marketing Staff Investment Change (Year over Year change in Marketing Staff Budget)</td>
<td>5.8%</td>
<td>0.6%</td>
<td>8.1%</td>
<td>28.6%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>Marketing Staff Ratio (Total Marketing Headcount/Total Company Headcount)</td>
<td>1.5%</td>
<td>1.9%</td>
<td>3.4%</td>
<td>4.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Awareness-to-Demand Ratio (% of Marketing Resources allocated to Awareness Building vs Demand Generation)</td>
<td>48% : 52%</td>
<td>48% : 52%</td>
<td>48% : 52%</td>
<td>47% : 53%</td>
<td>48% : 52%</td>
</tr>
<tr>
<td>N=</td>
<td>73</td>
<td>20</td>
<td>19</td>
<td>19</td>
<td>15</td>
</tr>
</tbody>
</table>
2016 Program Investments

Total Marketing Budget

Programs

Digital

People

Budget Allocation: Buyer’s Journey Stages

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Program Spend Mix in 2016

Advertising: 26.4%
Events: 23.4%
Direct Marketing: 8.7%
Content Marketing: 7.9%
Sales & Partner Enablement: 6.2%
Web Site: 4.1%
Public Relations: 3.7%
Intelligence: 3.7%
Branding: 3.6%
MDF and Co-Op Funds: 3.4%
Marketing Technology: 3.4%
Social Marketing: 3.0%
Analyst Relations: 1.9%
Other: 0.7%

N= 73
Source: IDC’s 2016 Tech Marketing Benchmarks Study
2016 Digital Program Investments

Budget Allocation: Buyer’s Journey Stages

Total Marketing Budget

Programs

People

Digital
Digital Marketing:
37% in 2015; 43% in 2016

Source: IDC’s 2016 Tech Marketing Benchmarks Study
Digital vs Non-Digital Program Spend Mix in 2016

N= 66
Source: IDC's 2016 Tech Marketing Benchmarks Study

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Digital vs Non-Digital Program Spend Mix in 2016

N= 66
Source: IDC’s 2016 Tech Marketing Benchmarks Study
2016 People Investments

Total Marketing Budget

People

Programs

Digital

Budget Allocation: Buyer’s Journey Stages

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Marketing Staff Allocations in 2016

- Product & Solutions Marketing: 14.5%
- Field Marketing: 13.5%
- Influencer Marketing: 7.7%
- Web Site: 5.9%
- Sales Enablement: 5.9%
- Marketing Operations: 5.9%
- Events: 5.7%
- Direct Marketing: 5.1%
- Partner Marketing: 4.9%
- Content Marketing: 4.9%
- Campaign Management: 4.9%
- Intelligence and Analytics: 4.4%
- Industry and Audience Marketing: 4.0%
- Creative Services & Brand Identity: 3.8%
- Advertising: 2.8%
- Marketing Technology: 2.2%
- Loyalty and Advocacy Marketing: 0.8%
- Executive and Other: 3.0%

N= 72
Source: IDC’s 2016 Tech Marketing Benchmarks Database
2016
Buyer’s Journey Investments

Budget Allocation: Buyer’s Journey Stages
17% of Marketing Programs Budget Spent on Post-Purchase Stages* 

Customer Creation: Exploration Stage (35%) > Evaluation Stage (30%) > Purchase Stage (20%) > Expand Stage (15%) > Renew Stage (10%) > Advocacy Stage (5%) > No Specific Stage (0%) 

Customer Loyalty: No Specific Stage (40%) > Expand Stage (30%) > Renew Stage (20%) > Advocacy Stage (10%) > Purchase Stage (5%) > Evaluation Stage (0%) 

N= 26 ; *Only companies currently using Buyer’s Journey Model shown here 
Source: IDC’s 2016 Tech Marketing Benchmarks Database 

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Track these Customer Journey Numbers

- Marketing spend should increase as a percent of total marketing + sales investment
- Increased staff with “blended” marketing + sales roles
- Improved efficiency (and lower spend) for the Exploration stage – then divert budget to later stages.
Catch up! The new disciplines

IDC’s Five Competences for Modern Marketing

- Content Marketing
- Loyalty & Advocacy
- Sales & Channel Enablement
- Integrated Digital & Social Engagement
- Customer Intelligence & Analytics

Related Research:
Content Marketing Supply Chain #US41626216; What is Sales Enablement? #US41529816; Behind the Scenes of the Digital Shift #US41234416

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Reach up! The new goals

IDC Five Actions for Creating Customer-Centricity

- Accumulate tribal knowledge about customers
- Create a customer-centric culture
- Build “connective tissue” across customer-related functions
- Develop customer feedback loops
- Channel the voice of the customer

Related Research:
Customer Centricity and the CMO #US40370315
Scale up! Operational Scaffolding

1. Customer-centric Purpose
   Mission, strategy, narrative architecture

2. Customer-centric Workforce
   Leadership, organizational structure, environment, talent

3. Customer-centric Technology and Data
   Interaction systems, content systems, analytics, management

IDC MaturityScape™ Assessment

1. Ad Hoc
2. Opportunistic
3. Repeatable
4. Managed
5. Optimized
Want more?
How to get more information

Customized Benchmark Report

- Proven business-critical KPIs comparing your company to industry peers
- 20+ staffing categories
- 40+ program investment categories
- Analyst recommendations
- ~ 55 pages of actionable detail

Program Spend Allocations: Gap Analysis of Your Company

Your Company’s Staffing Distribution & Centralization

Your Company's Marketing Investment Scorecard (1 of 2)

Your Company’s and Target Group’s Demographics

IDC Guidance Summary

IDC Custom Marketing Resource Allocation & Organization Benchmark

Advancing the business contribution of 21st Century marketing leaders
How to get more information
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- **Subscribe:**
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- **Projects:**
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Questions?

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