

By 2017 the CMO Will Spend More on IT Than the CIO

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Gartner at a Glance



By 2017 the CMO Will Spend More on IT Than the CIO



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Marketing budgets are larger than IT budgets and growing faster

	All IT (A)	All Marketing (B)	High-Tech Marketing (C)
2011 budget as % of revenue	3.6 %	10 %	4.8 %
2012 budget as % of revenue	3.2 %	N/A	5.5 %
Expected average budget increase (D)	4.7 %	9 %	11 %
	% of IT budget spent on marketing ???	% of marketing budget spent on marketing technology & technology-enabled services???	In 20% range

(A) Source: Gartner “IT Key Metrics Data 2012: Executive Summary” (G00226792) 15Dec11 (n=2,688)

(B) Source: Duke University's Fuqua School of Business, which publishes The CMO Survey twice a year, reported in its August, 2011 survey that companies spend, on average, 10% of their overall revenue on marketing. It also reported that in the next 12 months, companies are planning to increase marketing budgets by 9.1%

(C) Source: Gartner “Marketing Essentials: High-Tech and Telecom Provider Marketing Budgets, 2012” (G00229132) 27Dec11 (n=309)

(D) Respondents expect revenue to increase faster than IT or marketing budgets

CMO as IT buyer & seller story line

- Fact basis for prediction
 - Gartner research
 - Marketing technology adoption
 - Marketing as buyer vs. influencer vs. user
 - Marketing's role expanding
- Implications for high-tech provider CMOs as buyers
- Implications for high-tech providers as sellers [to CMOs]
- Recap & recommended reading



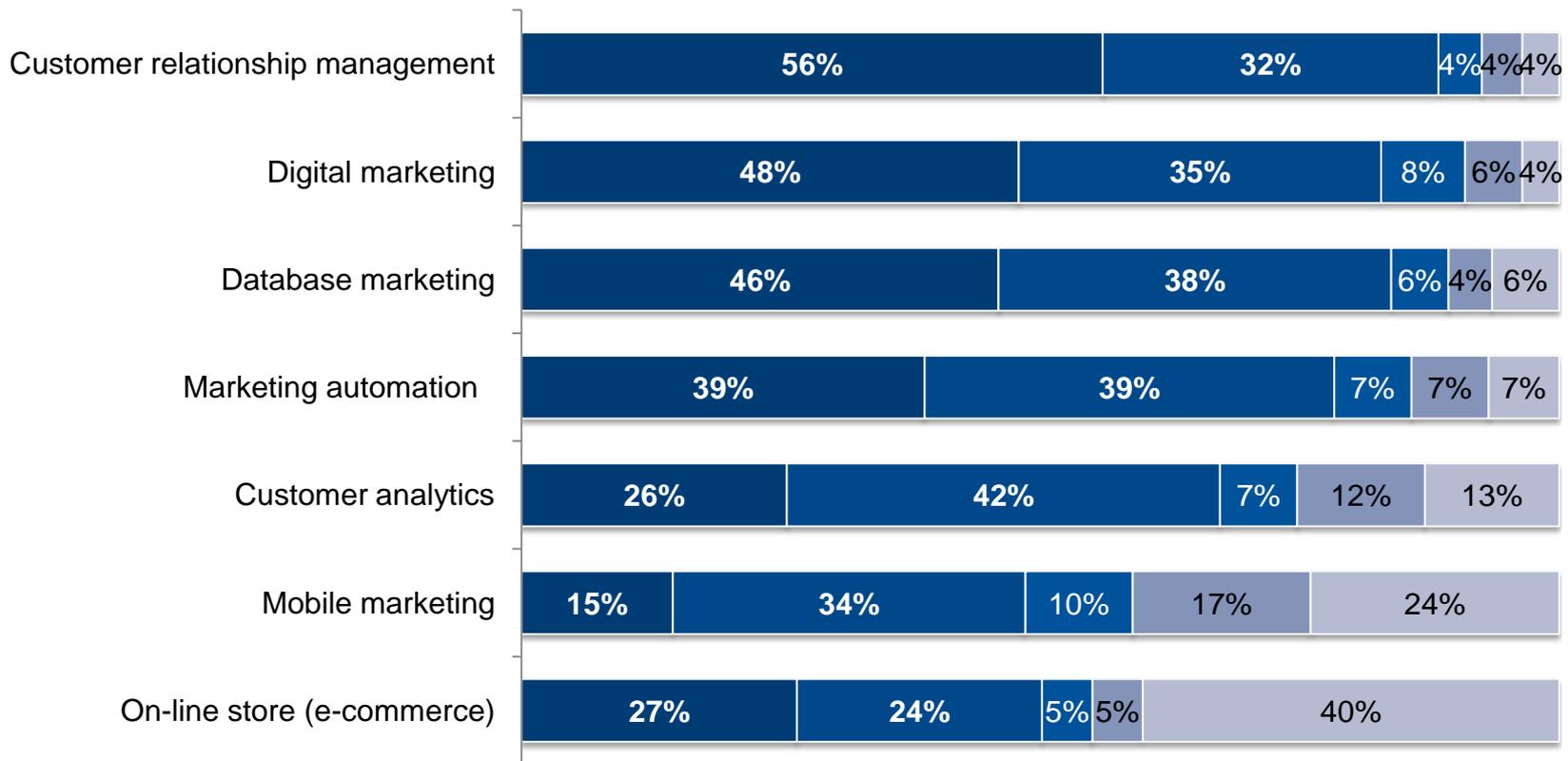
Relevant Gartner research

- 2012 annual High-Tech Provider Marketing Budgets survey (300 respondents, U.S., Europe, India, China; August, 2011)
- Marketing Change High-Tech Provider survey (309 respondents, N America, September, 2011 – phase 1. Phase 2 underway)
- Digital Marketing survey with ½ providers, ½ users (300 respondents, July, 2011)
- Gartner Benchmark Analytics (>9,000 public and private enterprise respondents in 2011)
- Planned 2012 primary research
- Marketing & Business Strategies team >2500 inquiries with providers annually:
 - Branding & positioning, go-to-market planning, buyer behavior, websites, sales channels, growth strategies, marketing best practices, budgets, marketing organization, & more
- Other provider-focused analysts' inquiries & research on markets, customers, technologies, competitors
- Gartner end-user analysts' interactions with buyers on marketing IT & services

Technology is at the heart of marketing – and adoption is well underway

Q: Please indicate to what degree your organization has adopted marketing technology in each of the following areas.

■ Fully Adopted
 ■ Partially Adopted
 ■ Evaluating Providers
 ■ Adopt in Next 2 Years
 ■ No Plans to Adopt



N = 309

Source: Marketing Change survey with high-tech and telecom provider marketing executives conducted September 2011

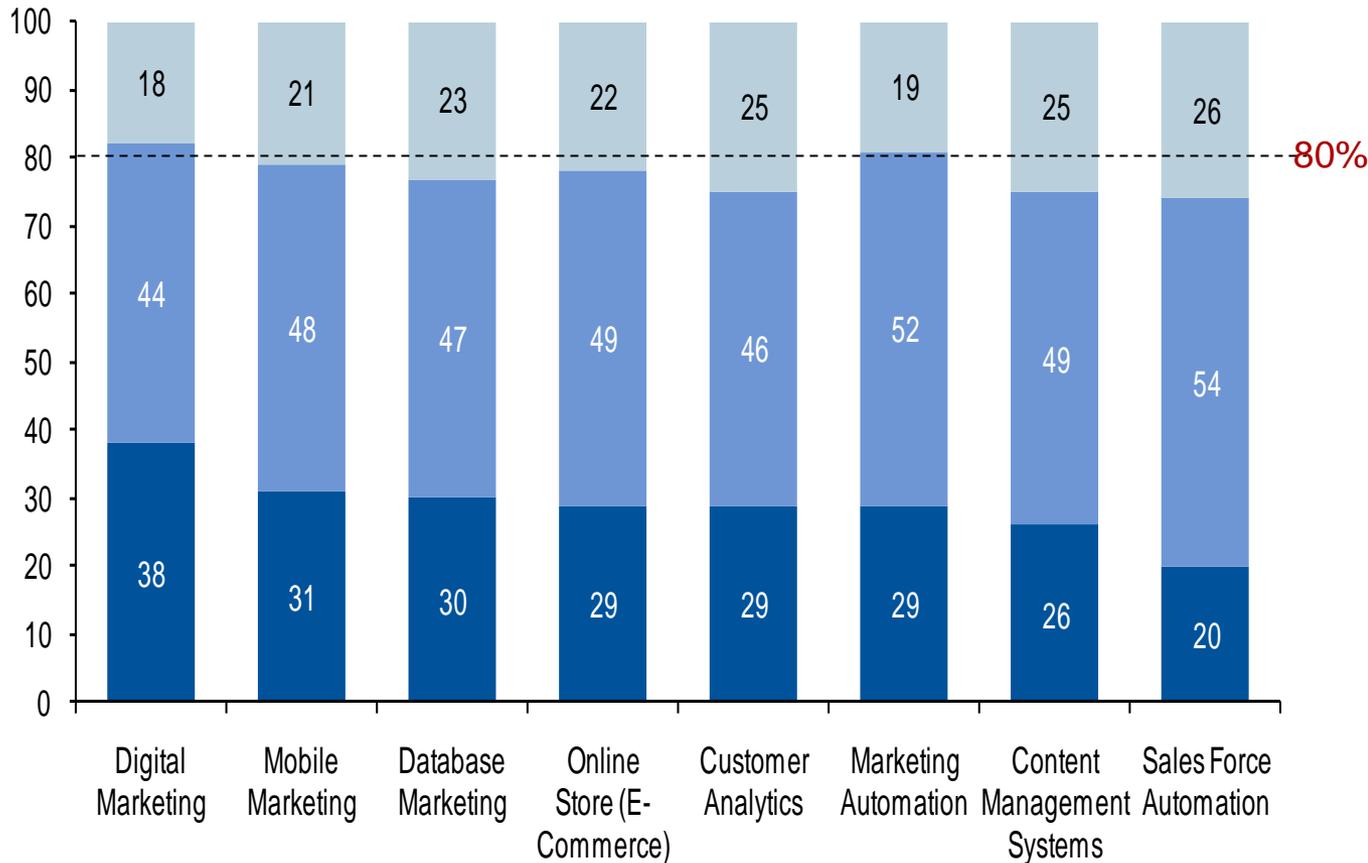
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Marketing is already a major buyer & influencer of technology

Q: Are you primarily a user, influencer or buyer for each of the following technologies and technology-enabled marketing services?

Percentage of Respondents



- On average, 30% of named marketing-related technology & services is bought by marketing
- Marketing influences almost 50% of purchases
- Technology-enabled marketing services is the big question

N = 300

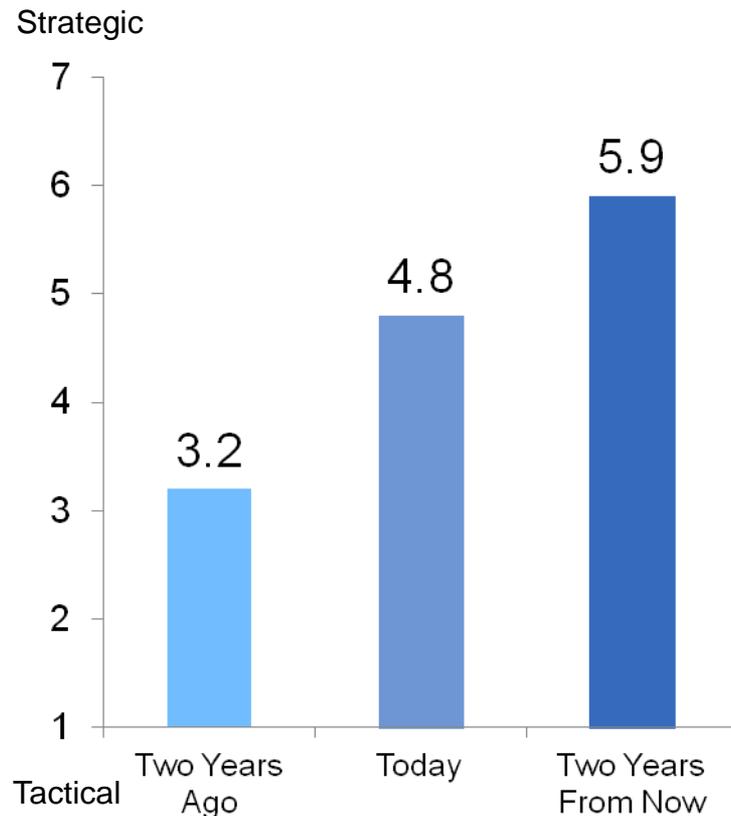
■ Buyer ■ Influencer ■ User

Source: Marketing Budgets survey with high-tech and telecom providers conducted August 2011

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Marketing is becoming more strategic & expanding its responsibilities

Q: Using the scale below, please rate the perceived main role that marketing serves or will serve in your organization, where 1 is “marketing is tactical support” and 7 is “marketing is strategic”.



Q: Please rate to what degree marketing is responsible for each of the following functions and activities within your organization.

Activity	Marketing Responsibility		
	Total	Some	None
Marketing operations	87%	13%	
Digital marketing	84%	15%	1%
Choosing & managing mktg. service providers	83%	16%	1%
Branding & corp. commun.	80%	17%	3%
Choosing & managing mktg. technology providers	71%	28%	1%
Social media policy	67%	29%	3%
Customer intelligence & analytics	42%	53%	4%

Partial selection of results data shown

N = 309

Source: Marketing Change survey with high-tech and telecom provider marketing executives conducted September 2011

Polling Question 1

In your current role, are you a buyer or a seller of any marketing technology and technology-enabled marketing services?

- Primarily a buyer
- Both a buyer and a seller
- Primarily a seller
- Neither a buyer nor a seller

CMO as IT buyer & seller story line

- Fact basis for prediction
- Implications for high-tech provider CMOs as buyer
 - Marketing role in buying cycle
 - Perceptions of internal IT
 - Consumption model changes
 - Changing ecosystem
- Implications for high-tech providers as seller to CMOs
- Recap & recommended reading



Implications of marketing as buyer and seller of marketing technology and technology-enabled services

Buyer

- Marketing CTO role
- “Marketing speed” vs. “IT speed” & relationship with CIO
- Sourcing capabilities
- Unconnected islands vs. integrated systems
- Technology vs. technology-as-a-service vs. marketing business services choices

Seller

- Marketing buying center profile not well understood
- Thousands of providers; few leaders
- Immature, but growing market
- Flexibility vs. lock-in
- Marketing business services paid for by the result (a la BPO) vs. effort or fixed price
- Services-led sale

Marketing technology buying cycle dominated by marketing – organizational titles responsible vary

Q: Who within your organization is primarily responsible for each of the following phases of the marketing technology buying cycle?

	Determining if you have a need	Setting a strategy	Researching & evaluating	Choosing a provider	Implementing	Managing
Marketing	66%	58%	42%	44%	30%	42%
Cross-functional team led by marketing	24%	32%	40%	40%	28%	27%
Sum	90%	90%	82%	84%	58%	69%
Cross-functional team led by IT	3%	3%	10%	7%	25%	14%
C-level executive management	4%	5%	2%	5%	2%	1%
Internal IT	1%	1%	4%	2%	13%	13%
Other	3%	1%	2%	2%	2%	3%

N = 309

Source: Marketing Change survey with high-tech and telecom providers marketing executives conducted September 2011

Polling Question 2

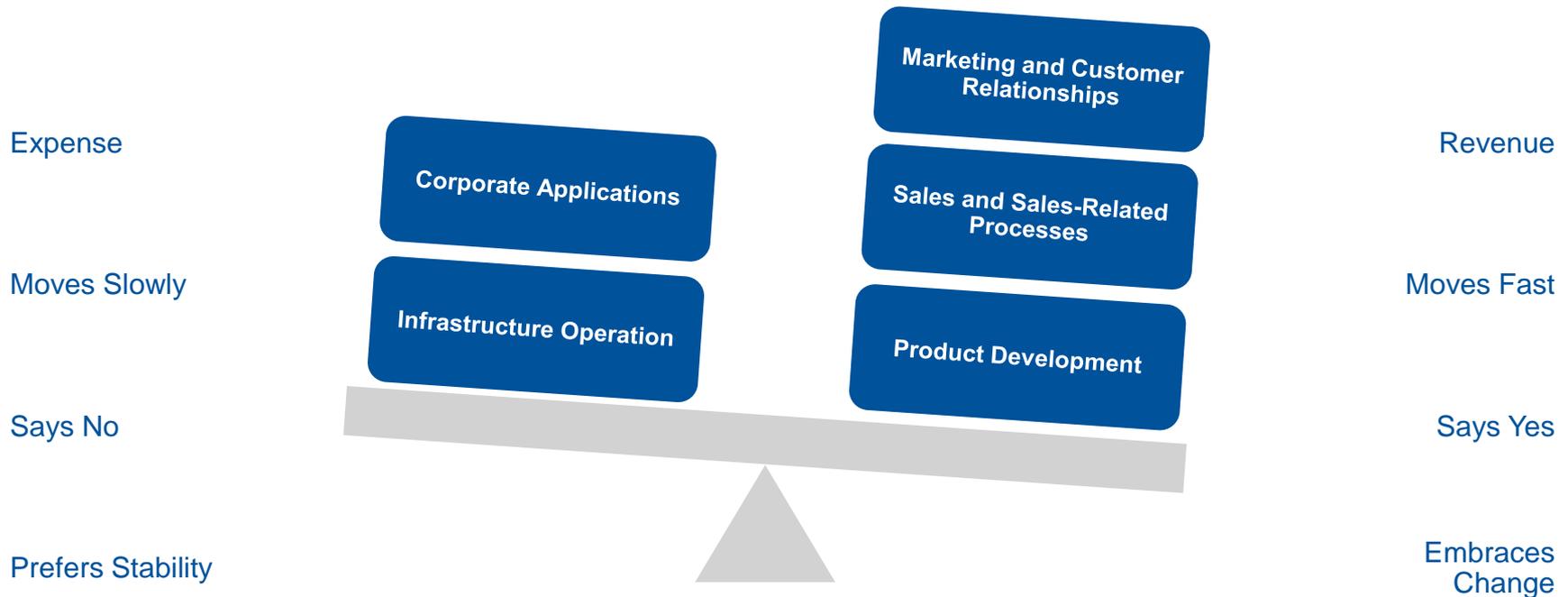
Which of these titles is closest to that of the person primarily responsible for the purchase of marketing technology & services in your organization?

- Marketing Operations Manager
- Digital Marketing Manager
- Marketing Chief Technology Officer
- Marketing Sourcing Manager
- Other

Marketing's perceptions of internal IT

**IT Function — Cost takeout,
risk management and process
improvement**

**Marketing Function — Customer
experience, product innovation,
creativity, new business growth and
revenue generation**

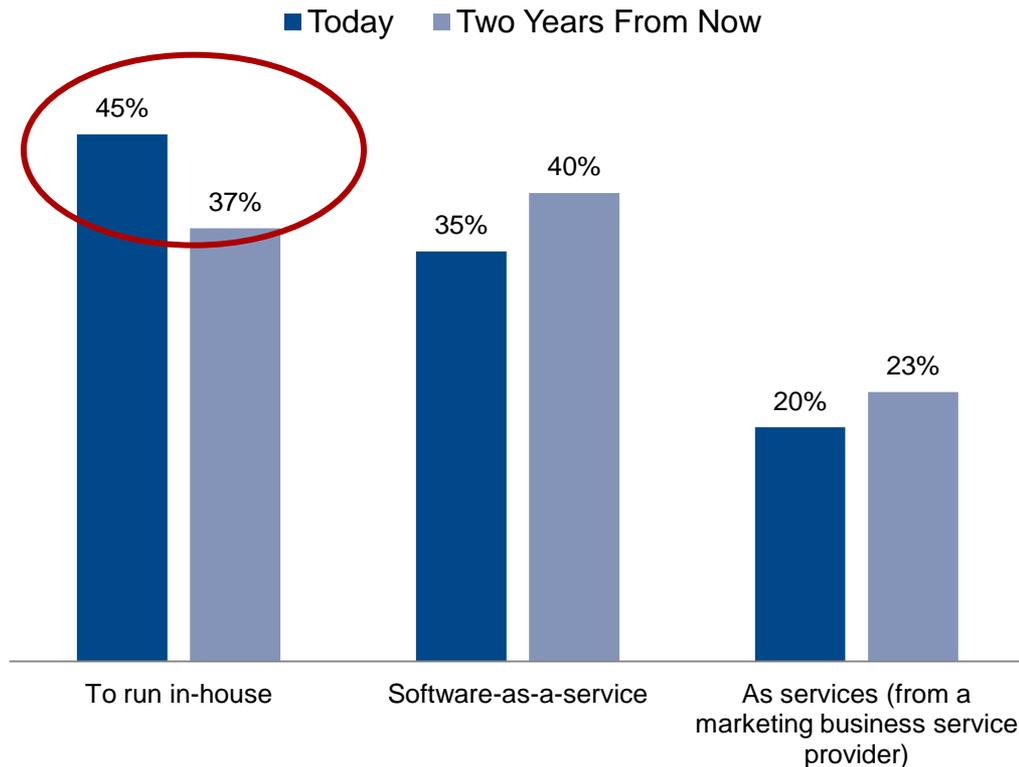


**Whether real or perceived - indicates lack of
CMO/CIO synergy & issue for buyers & sellers**

Consumption model changes over next 2 years

Q: How are you purchasing marketing technology today and will you be two years from now?

In 2012 high-tech providers average ratio of external to internal marketing spending is close to 4:1

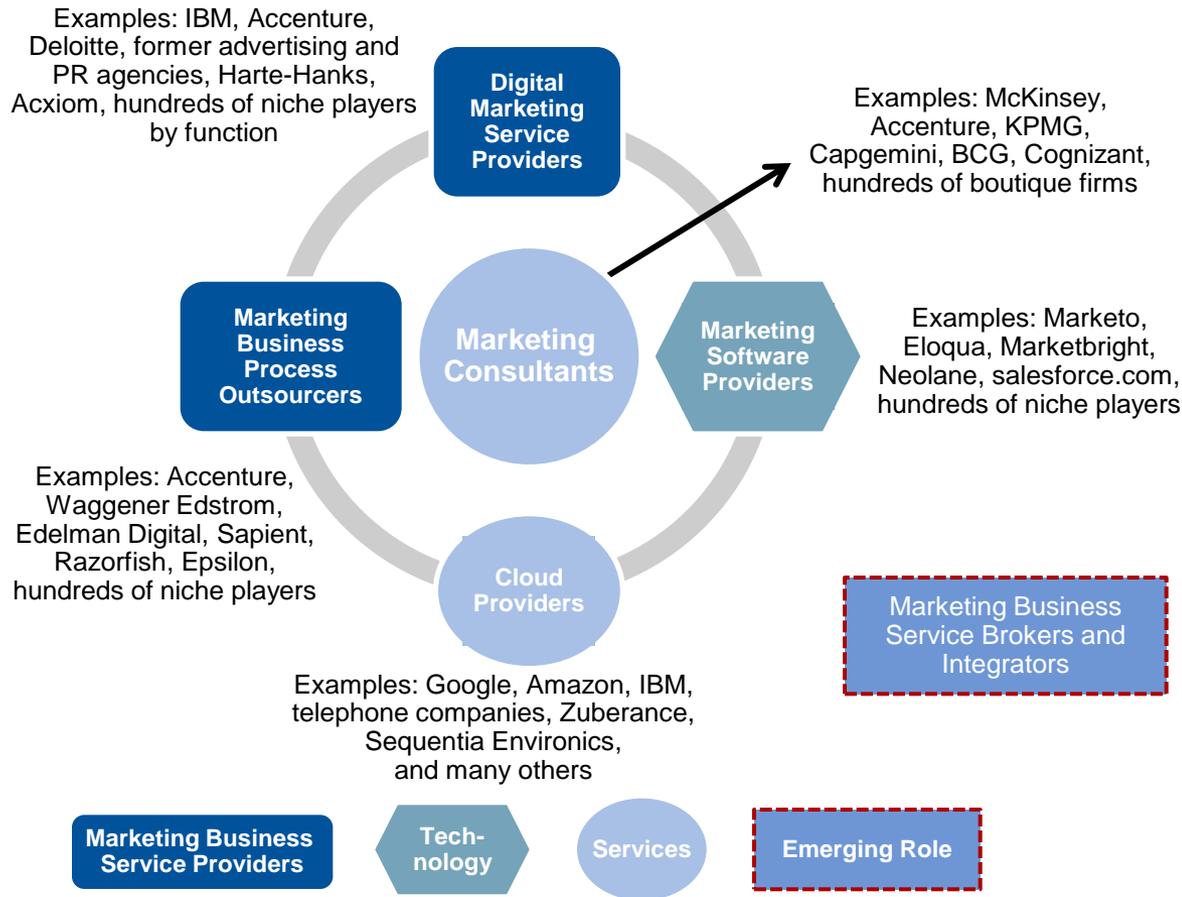


- Rise of SaaS-based marketing applications
- Hosted marketing applications (independent and by SW provider)
- As service where technology & applications are invisible
- Integration services?
- Brokers?

N = 309

Source: Marketing Change survey with high-tech and telecom providers marketing executives conducted September 2011

Ecosystem is not stable



- Marketing business service providers increasing
- Marketing processes and activities which can be sourced externally vs. purchasing technology
- New business models??
- Separate marketing sourcing function??
- Rise of marketing business service brokers and integrators??

Polling Question 3

What percent of your company's marketing budget is spent on marketing-related technology and technology-enabled marketing services?

- Less than 10%
- 10 – 20%
- 20 – 30 %
- More than 30%
- Don't know

CMO as IT buyer & seller story line

- Fact basis for prediction
- Implications for high-tech provider CMOs as buyer
- Implications for high-tech providers as seller to CMOs
 - Who owns the budget & for what?
 - Who are the decision makers & influencers?
 - What do they want to purchase & how?
 - What role do you play between CMO & CIO?
- Recap & recommended reading



Implications of marketing as buyer and seller of marketing technology and technology-enabled services

Buyer

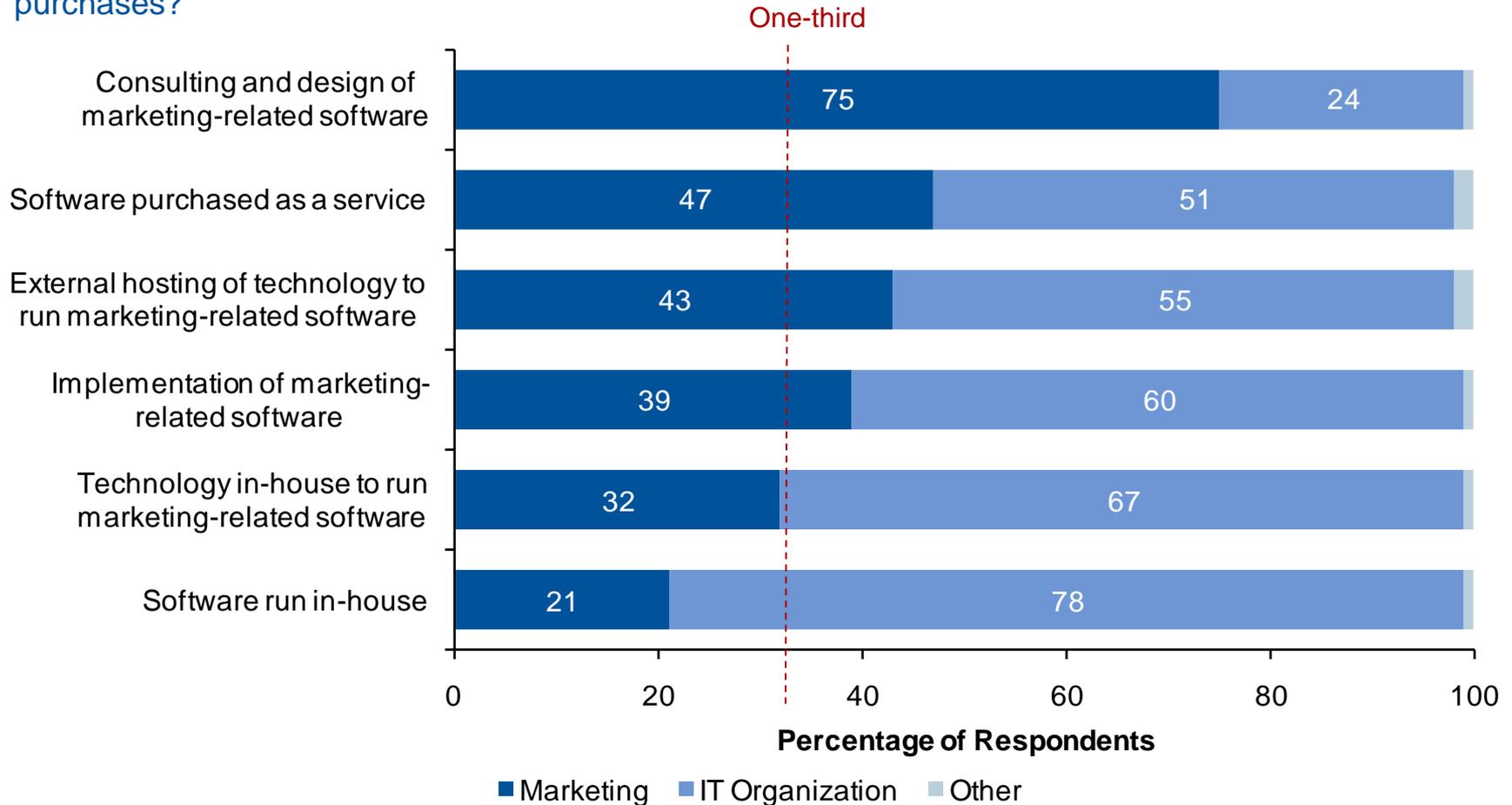
- Issues with IT & Marketing CTO
- “Marketing speed” vs. “IT speed”
- Sourcing capabilities
- Unconnected islands vs. integrated systems
- Technology vs. technology-as-a-service vs. marketing business services choices

Seller

- Marketing buying center profile not well understood
- Thousands of providers; few leaders
- Immature, but growing market
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Marketing controls the budget for a third to a half of marketing software

Q: Who in your organization controls the budget for each of the following marketing-related technology purchases?



N = 300

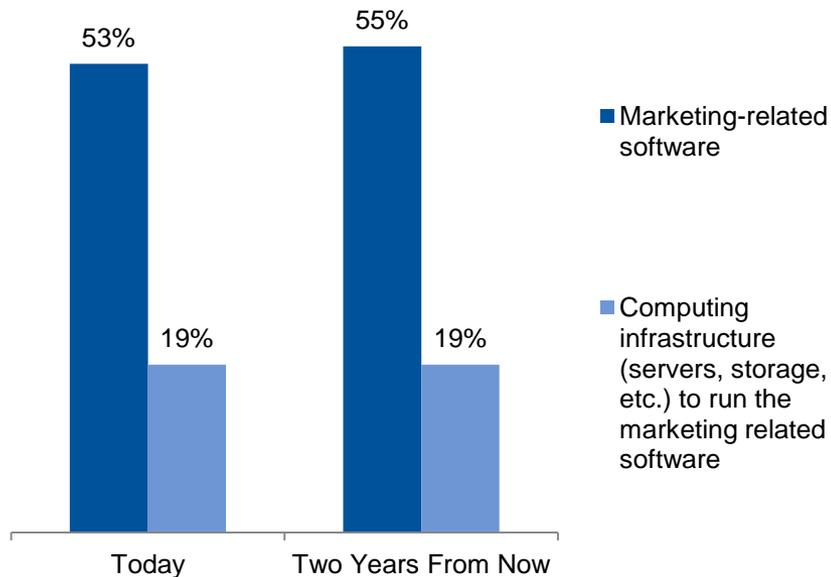
Source: Marketing Budget survey with high-tech and telecom providers conducted August 2011

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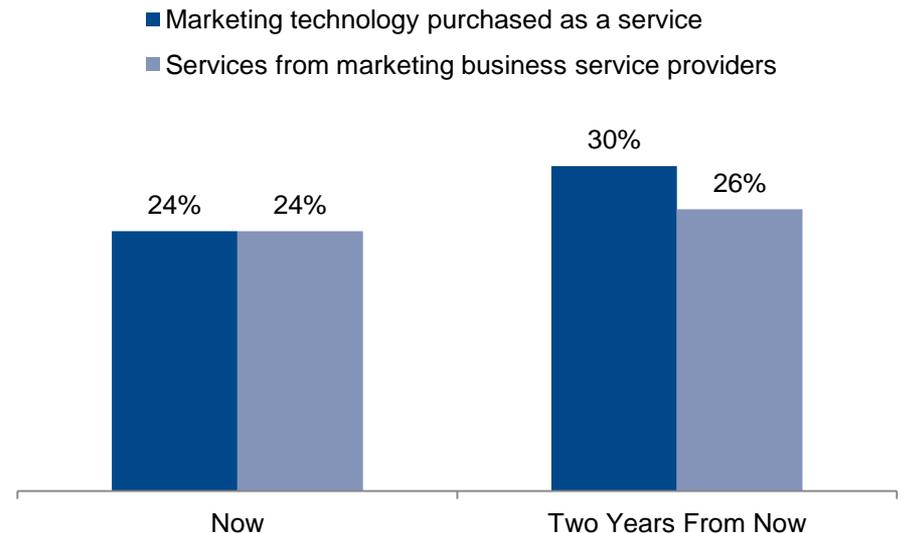
Marketing owns capital budget for purchase of significant % of marketing software and some IT infrastructure; expense budget for SaaS & services

Q: What percentage of the **capital budget** for acquisition of the marketing-related software and the computing infrastructure to run it (capital assets) is owned by marketing today and will be two years from now?



N = 196 respondents who run marketing technology in-house today

Q: What percentage of the current annual **marketing expense budget** is spent on marketing technology purchased as a service and on services from marketing business service providers today and will be two years from now?



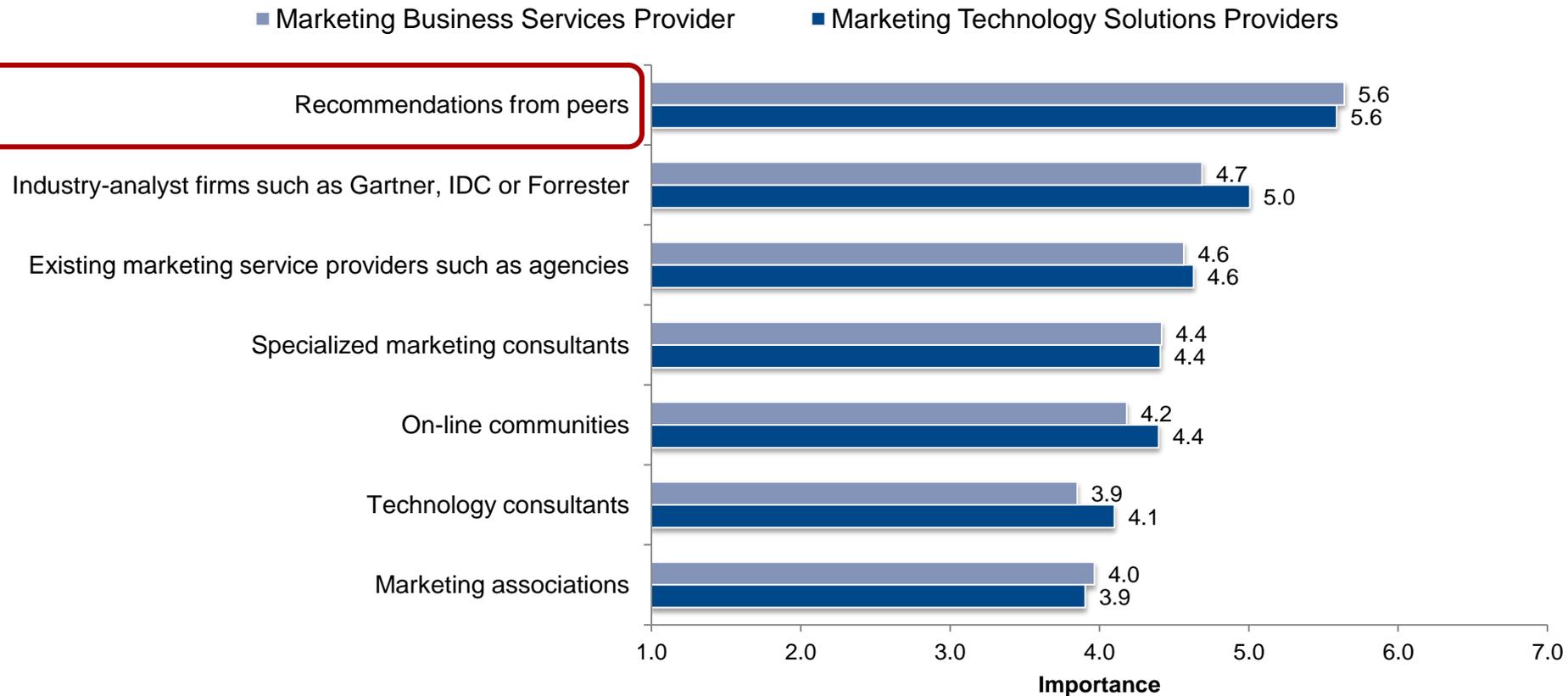
N = 309

Source: Marketing Change survey with high-tech and telecom provider marketing executives conducted September 2011

Recommendations from peers is the most important influencer for both marketing technology & services

Q: Please indicate how important the following types of influencers are when your organization is considering from which provider to purchase marketing technology solutions on a scale of 1 to 7 where 1 is not at all important and 7 is extremely important.

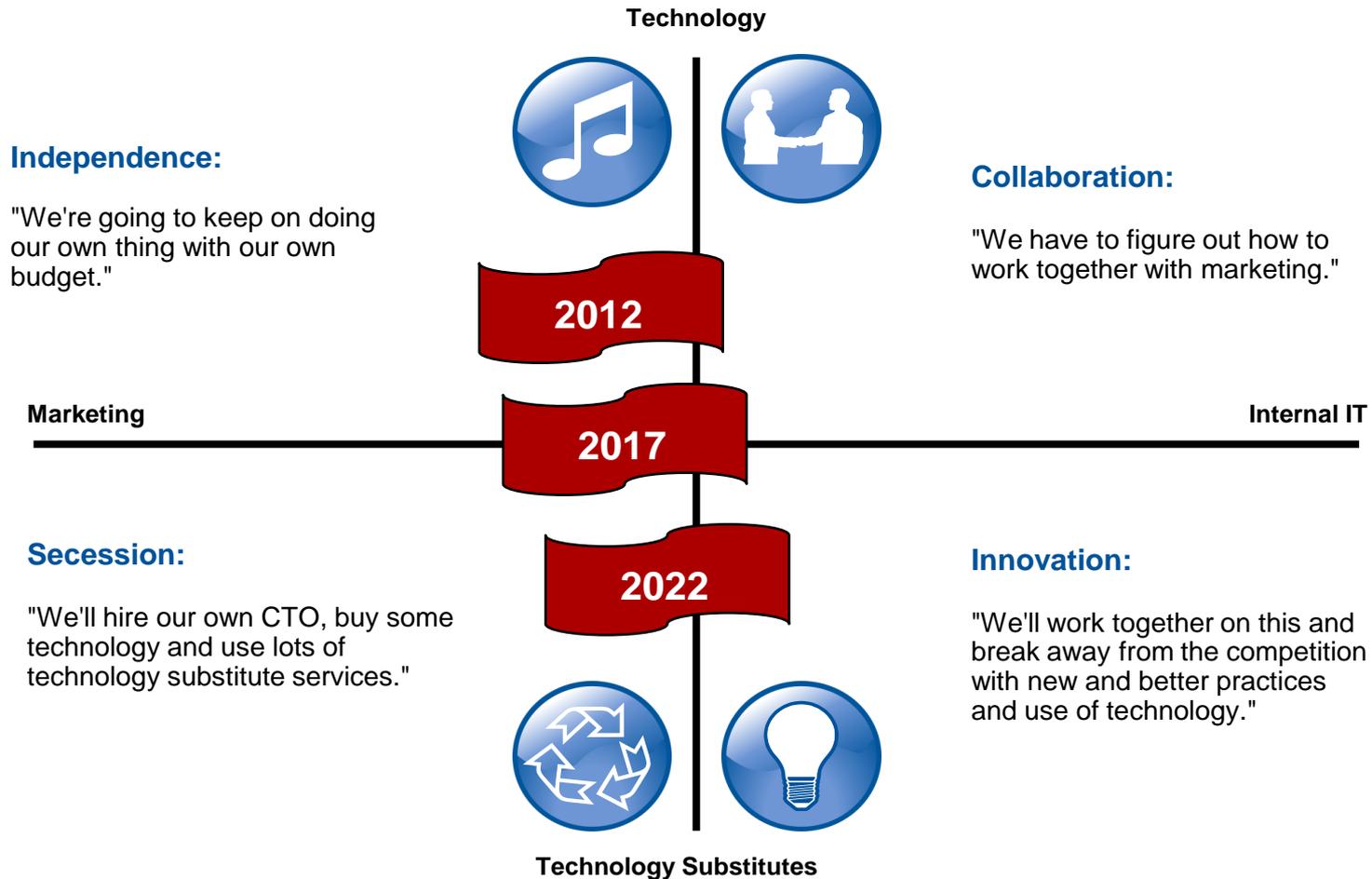
Q: ditto which marketing business service provider to use.....ditto



N = 306

Source: Marketing Change survey with high-tech and telecom providers marketing executives conducted September 2011

CIO & CMO – next 10 years... what role will you play?



CMO as IT buyer & seller story line

- Fact basis for prediction
- Implications for high-tech provider CMOs as buyers
- Implications for high-tech providers as sellers [to CMOs]
- **Recap & recommended reading**



Recap

- Marketing increasingly becoming technology-enabled
- Marketing is a significant technology buying center, with various buyer roles
- Shift underway from internally operated marketing technology to externally (SaaS & marketing business services)
- Ratio of external to internal spending increasing as marketing sources more externally
- Decision to be made about CIO/CMO synergies
- Supplier situation will remain fluid



How does
your
organization
compare?

Recommended reading

➤ Documents:



- “Marketing Essentials: High-Tech and Telecom Provider Marketing Budgets, 2012” (G00229132)
- “Maverick Research: Marketing is the New IT-Buying Powerhouse” (G00219113)
- “Marketing Essentials: Profile of Marketing as a Buying Center, U.S.” (forthcoming)
- “Predicts 2012: Marketers Must Adapt to a World That Rewards Speed” (G00226310)
- “Marketing Essentials: Introducing Gartner’s Marketing Investment Model” (G00214391)

➤ Webinar replay:

- Oct. 11 - Surprises in 2012 Provider Marketing Budgets



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