

**New Horizons:
B2B CMO
Guide to
Navigating
Complexity**

MERKLE
— B2B —

B2B International



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Intro & About The Study



The past year has forced all of us to adapt to a new way of life, both personally and professionally. In 2020, the dentsu CMO survey explored how CMOs have reacted to the impact of the pandemic, and importantly, how they are helping their business to navigate the future.

This report offers a new perspective on the data from that survey from the perspective of B2B CMOs. Compiled by B2B specialists at Merkle (a dentsu company), it aims to identify how B2B CMOs have responded to the pandemic and how prepared they are to navigate the future. It examines the views of 908 B2B CMOs, covering 12 countries and a wide array of business sizes and sectors.

In the survey, CMOs were asked whether their business sells to consumers (B2C) or businesses (pure B2B), or to both consumers and businesses (B2B+C). The analysis in this report covers all those CMOs who work for B2B organizations (“pure B2B” and “B2B+C” = 908 respondents). We also looked at some of the key differences between the pure B2B and the B2B+C CMOs.

The dentsu CMO survey identified a cohort of CMOs that are at the “frontier” among their colleagues – leading the way and ensuring their organizations are as prepared as possible for the future. Our analysis shows that this Frontier cohort is also very much prevalent amongst B2B organizations. In this report we assess what sets them apart, look at what strategies they employ, and identify learnings that B2B CMOs can apply to their businesses.

The Key Takeaways For B2B CMOs

Listen

Listen to customers, use insights from data, understand their current and future needs to ensure the business is adapting. Keep using and gathering customer data and insights to understand every touchpoint across marketing, sales, commerce, and service.

Collaborate

The most impactful B2B CMOs are building bridges with colleagues in other departments. Collaborate with the wider business – use your deeper understanding of the customer to drive the business's focus on all elements of differentiation – from product innovation to brand positioning to the customer experience as a whole.

Start

The future is now; many Frontier B2B CMOs are investing in their customer experience, have already shifted to e-commerce, and are accelerating digital transformation. Many B2B companies have yet to embark upon this path, meaning there is opportunity for those companies that get started, and get it right, to differentiate from the pack. Importantly, make sure the approach is tailored to customer needs.



Develop a deep, ongoing understanding of the customer's:

- Changing needs
- Reaction to trends
- Attitudes toward brands / services
- Overall experience

Be the voice of the customer in the business



Collaborate across the business to enable:

- Acting with agility
- Taking a more strategic approach to marketing (a focus on all 4Ps)
- Differentiate and command a premium
- Making decisions across departments based upon the needs of the customer

Get ahead of the pack



Get started with / accelerate programs:

- Developing a superior leading customer experience
- Accelerating digital transformation
- Making a shift to e-commerce
- Placing a focus on creativity in campaign

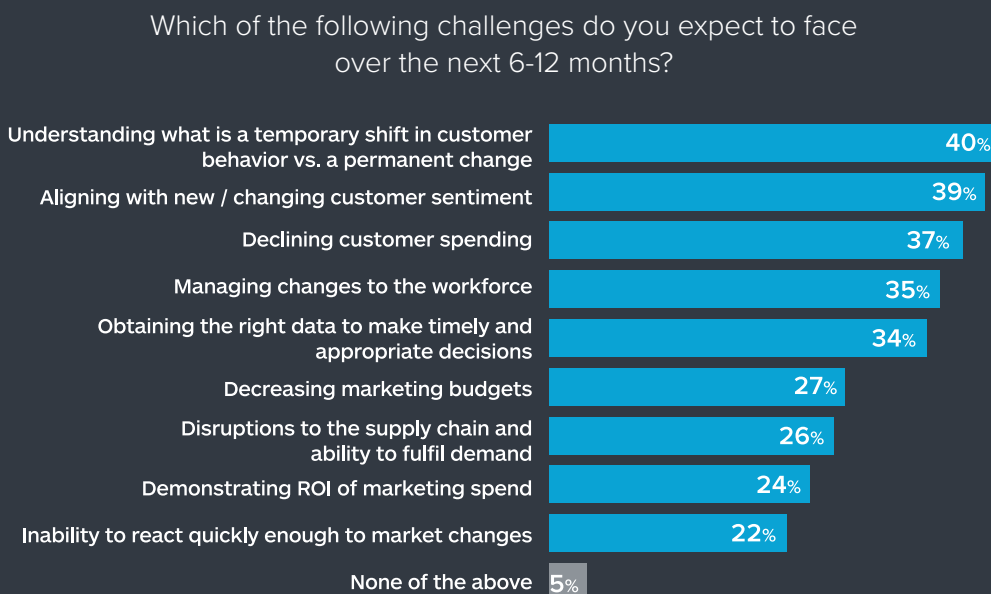
The Main Story

Challenges

In seeking to navigate the year ahead, the biggest challenge for B2B CMOs is identifying what is a temporary shift in customer behavior vs. a permanent change (40 percent see this as a challenge). For example, when a B2B organization has been forced by circumstances to provide technical service via video calls, instead of a face-to-face factory visit, how many of its customers will be happy to be served in the same way in the future? Will customers expect face-to-face service post-pandemic, or have expectations changed permanently? Could the face-to-face service now be offered as a new proposition – a premium paid-for service for key accounts? These are the types of questions many B2B organizations are considering, and they need data, insights, and understanding to help them adapt.

It is clear that B2B CMOs are trying to come to terms with which changes in consumer behavior are here to stay, which are continuing to evolve, and which are fleeting reactions to the organizational frustrations of the pandemic. In fact, three of the top five challenges for the next year are around understanding customers – and having the right data to make timely and appropriate decisions (Figure 1).

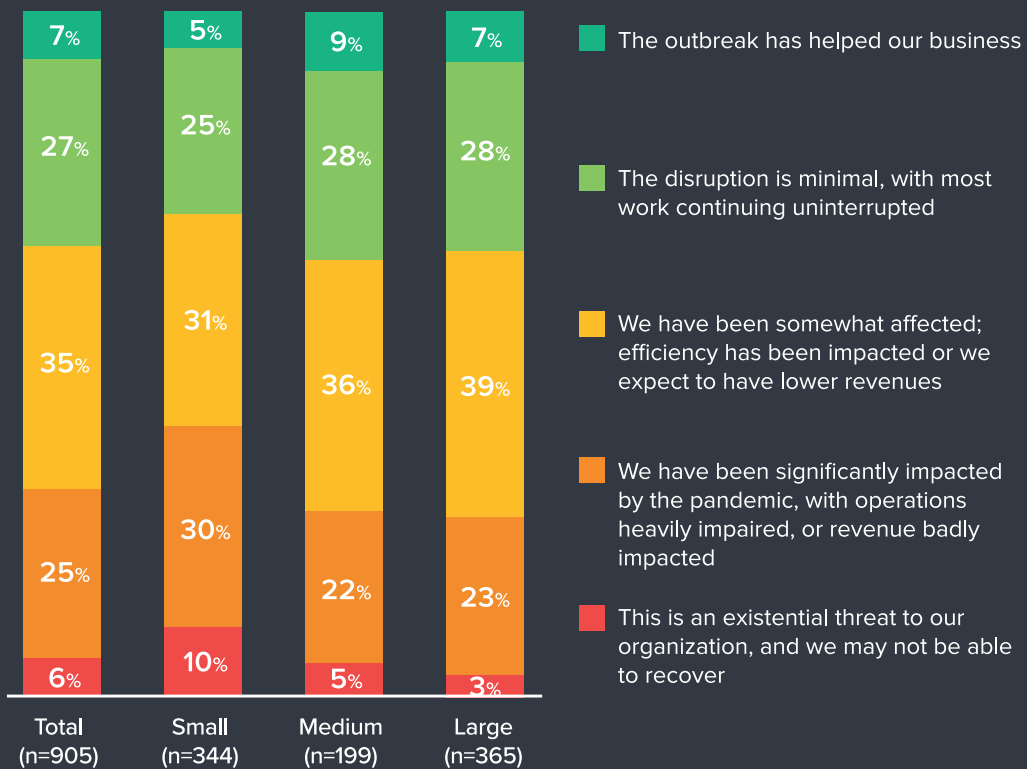
Figure 1: Challenges B2B CMOs expect to face over the coming 12 months



Source: dentsu CMO survey 2020 data; Merkle B2B analysis

Ninety-three percent of B2B CMOs work at organizations that have been negatively impacted by the pandemic. Of these, 27 percent have only seen minimal impact – though six percent have seen an existential threat. Despite this, a small number of businesses have seen the pandemic actually help their business (Figure 2). This is driven largely by sector, with companies in the tech and IT sector most likely to have benefited. The transportation and travel sectors are significantly more likely to have been negatively impacted.

Figure 2: The impact of the pandemic on B2B businesses



Source: dentsu CMO survey 2020 data; Merkle B2B analysis

The increasing importance of marketing

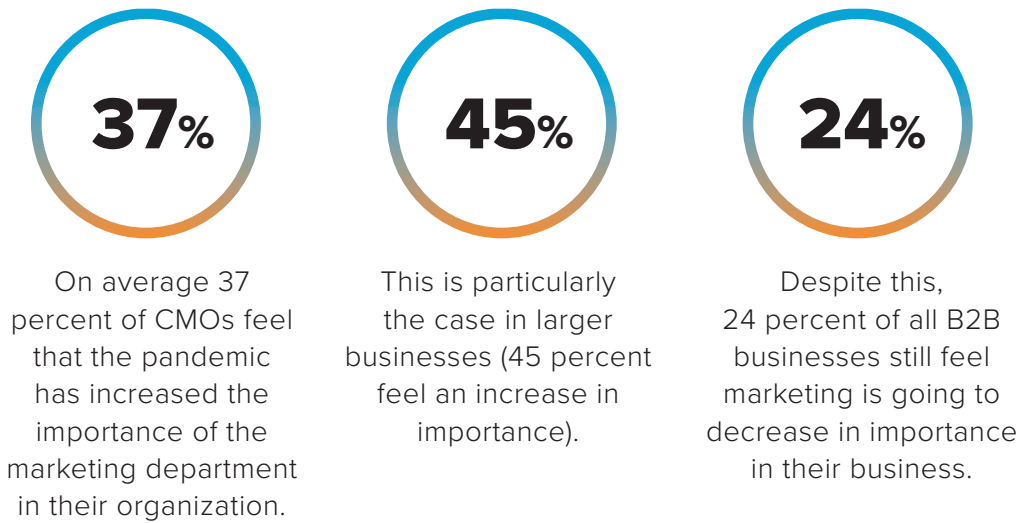
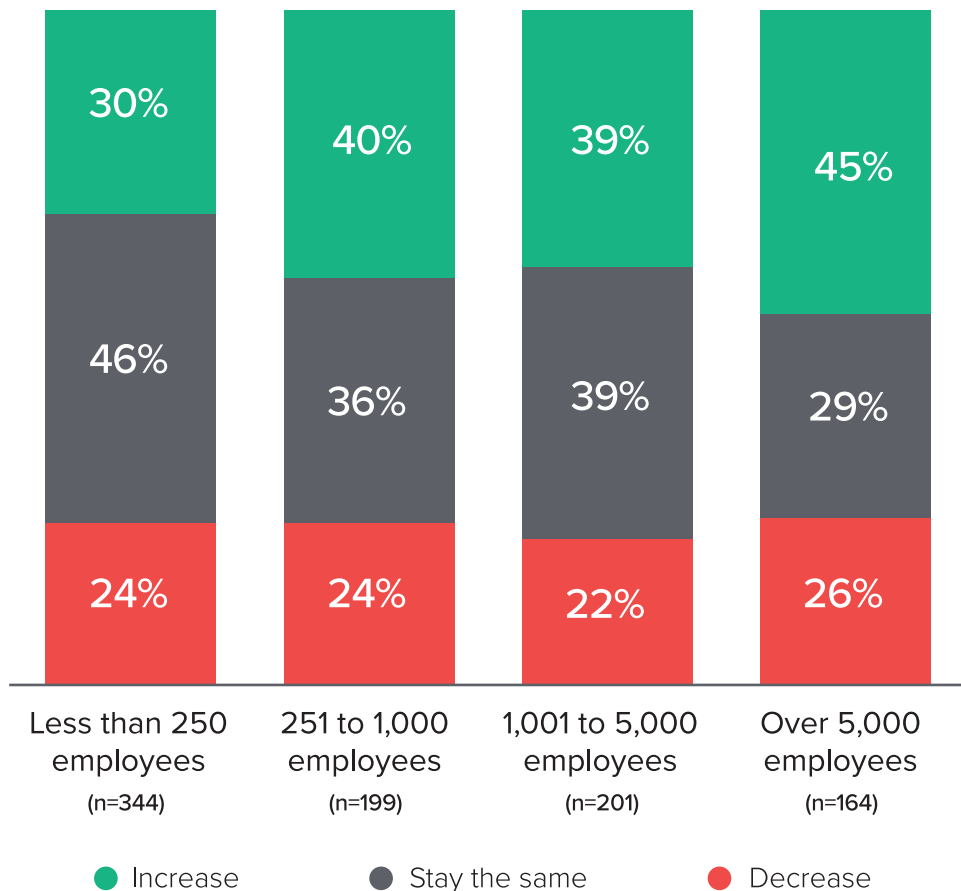


Figure 3: The impact the pandemic will have on the importance of the marketing function within B2B organizations



Source: dentsu CMO survey 2020 data; Merkle B2B analysis

The strategies employed by B2B CMOs over the past year

We asked B2B CMOs to identify the strategies that they had employed over the past year, while navigating the pandemic, and also which of these strategies they will continue. Most B2B CMOs employed a range of differing strategies. Our analysis identified different “horizons” of strategies utilized by B2B CMOs – from those that have been used by many and will continue to be used (“the strategies for future growth”) to those that have been used selectively and are less likely to be used by most B2B CMOs (strategies to be “used when the time is right”). See Figure 4.

Leading strategies to drive future growth

The strategies that have been most effectively employed by many B2B CMOs over the years relate to understanding the customer and adapting different strategic marketing levers to meet changes in the market. This customer focus is the number-one **leading strategy for future growth**. The three other leading strategies for future growth relate to CMOs adapting their businesses to market changes, each one relating, coincidentally or not, to a different “P” of the four “marketing Ps”:

- Development / improvement of e-commerce capabilities (**place**)
- **Price** optimization
- New **product** development

Whether it is tweaking (or overhauling) pricing strategy, adapting (or transforming) the route-to-market for a digital age, or bringing new products and services to market, it is clear that B2B CMOs have been applying a broad strategic marketing lens to facing the pandemic – and to guiding their businesses into the future.



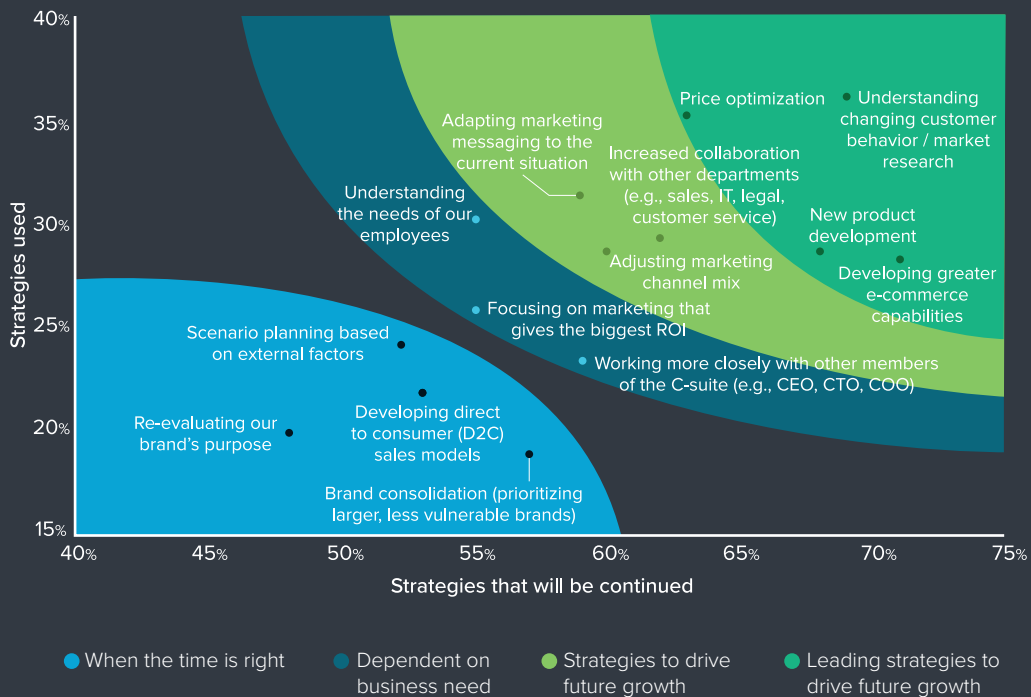
On the next horizon are the **strategies for future growth**. These are more related to the other of the 4Ps – **promotion**. These strategies include adjusting marketing messages to the current situation and adjusting the marketing channel mix.

Importantly, many B2B CMOs have been increasing their collaboration with other departments around the business. Given the wider focus of the leading strategies of growth, this collaboration can only help expedite and enhance the types of actions that are taken within businesses. As departments and teams start to work closer together, understanding each other’s aims and capabilities, the business can adapt more nimbly. As we will discuss later, the most effective B2B CMOs are the ones that have managed to excel at this point of collaboration with other teams across the business.

We have also identified the strategies that are dependent upon business need – in other words, those that are deployed effectively by a smaller number of organizations, but not used by most.

Finally, we have the strategies that are used when the time is right – reassessing brand purpose, brand rationalization, or scenario planning. This strategy was more likely to be employed by those businesses that were facing the biggest disruption – and they also employed fewer strategies overall.

Figure 4: Strategies used by B2B CMOs during the pandemic – and those that will be continued in the future



Source: dentsu CMO survey 2020 data; Merkle B2B analysis

The role of the B2B CMO remains constant

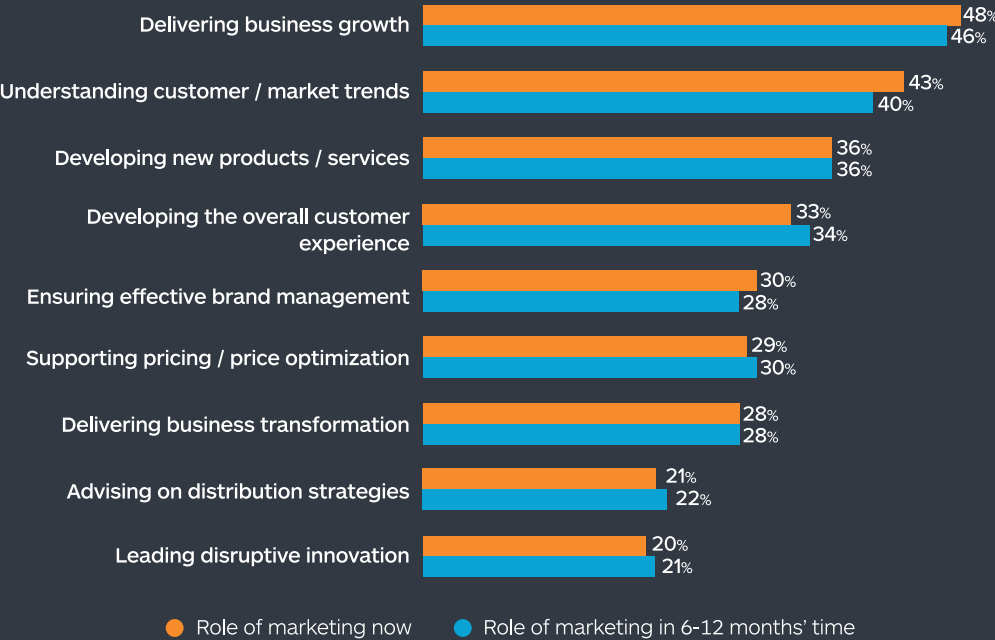
B2B CMOs see themselves first and foremost as responsible for business growth. Underpinning this is the importance of understanding the needs of customers, developing new products, developing the customer experience, and ensuring effective brand management. Their priorities stay broadly the same when we look at how those priorities might change in 6-12 months' time.

It is clear that B2B CMOs see themselves as having a breadth of responsibility – ultimately fueling the growth of the business by bringing the brand to life through experiences and propositions – all grounded in a deep understanding of the customer and the market (Figure 5).

Figure 5: B2B CMOs' view on the primary role of the marketing function remains constant

What do you see as the primary role(s) of the marketing function within your organization?
- Rank top 3

And what do you see as the primary role(s) of the marketing function within your organization
in 6-12 months' time? - Rank top 3









Source: dentsu CMO survey 2020 data; Merkle B2B analysis

These priorities do change somewhat across different industries. Delivering business growth and understanding customers and market trends are top-three priorities across all key markets (Figure 6). However, some other priorities vary among different industry sectors:

- Technology and manufacturing CMOs see developing new products, services, and propositions as a key priority.
- Finance & insurance, professional services, and transportation & travel all see developing customer experience as a top-three priority.
- Pricing and price optimization are a top-three priority for education – a sector where the core face-to-face offering has been severely disrupted, and potentially transformed.

Figure 6: Top-three marketing priorities by industry

INDUSTRY	TOP-THREE PRIORITIES
 Technology	1. Developing new products / service propositions 2. Delivering business growth 3. Understanding consumer / market trends
 Finance & Insurance	1. Understanding consumer / market trends 2. Delivering business growth 3. Developing the overall customer experience
 Transportation & travel	1. Delivering business growth 2. Understanding consumer / market trends 3. Developing the overall customer experience
 Professional Services & Business Services	1. Delivering business growth 2. Developing the overall customer experience 3. Understanding consumer / market trends
 Manufacturing / Industrial	1. Developing new products / service propositions 2. Delivering business growth 3. Understanding consumer / market trends
 Education	1. Delivering business growth 2. Understanding consumer / market trends 3. Supporting pricing / price optimization

Source: dentsu CMO survey 2020 data; Merkle B2B analysis

How is the performance of B2B CMOs measured?

Unsurprisingly, the metrics by which B2B CMOs are measured align quite closely to the strategic priorities that we have just looked at. Interestingly, B2B CMOs are measured in different ways across different countries – though in most countries there is some blend of a focus on growth and a focus on short-term sales/revenue growth (Figure 7). This suggests that many B2B CMOs have to demonstrate the delivery of tangible growth to the business through a greater focus on new customer acquisition and increased sales (whether through sales activation or support) and less of a focus on long-term brand building. Germany is the outlier on this point, with the top metric being medium- and long-term brand health and the second metric being product innovation. This suggests more of a focus on driving an increase in perceived value. Likewise, China and Spain both have a focus on innovation and on delivering digital transformation programs.

Figure 7: B2B CMOs are accountable for different metrics across different countries

	Australia	Brazil	China	France	Germany	India
#1	Growth of customer base	Short-term sales / revenue growth	Product / service innovation	Growth of customer base	Medium / long-term brand health	Delivery of digital transformation programs
#2	Short-term sales / revenue growth	Product / services innovation	Delivery of digital transformation programs	Product / services innovation	Product / services innovation	Growth of customer base
#3	Reducing costs	Growth of customer base	Growth of customer base	Delivery of digital transformation programs	Short-term sales / revenue growth	Medium / long-term brand health

	Italy	Japan	Russia	Spain	UK	USA
#1	Short-term sales / revenue growth	Growth of customer base	Growth of customer base	Product / services innovation	Growth of customer base	Delivery of digital transformation programs
#2	Growth of customer base	Short-term sales / revenue growth	Product / services innovation	Delivery of digital transformation programs	Short-term sales / revenue growth	Short-term sales / revenue growth
#3	Product / services innovation	Medium / long-term brand health	Short-term sales / revenue growth	Short-term sales / revenue growth	Delivery of digital transformation programs	Reducing costs

Source: dentsu CMO survey 2020 data; Merkle B2B analysis

Bigger businesses looking for quick wins?

Interestingly, CMOs at enterprise businesses (10,000+ employees) have less of a focus on the growth of the customer base as a metric and more of a focus on delivering short-term sales and revenue growth, when compared to other businesses.

Future marketing strategies and the capabilities needed to achieve them

There are five key strategies that B2B CMOs are beginning to implement (or already have), and they feel their businesses are fairly capable at implementing them:

- Investing in improving customer experience
- Shifting more marketing spend toward digital media
- Focusing more on innovation (e.g., new product or service development, etc.)
- Focusing more on creative marketing campaigns
- Increasing the pace of digital transformation

B2B organizations that are not focusing on these strategies are at risk of falling behind the pack, as other organizations strengthen their positions.

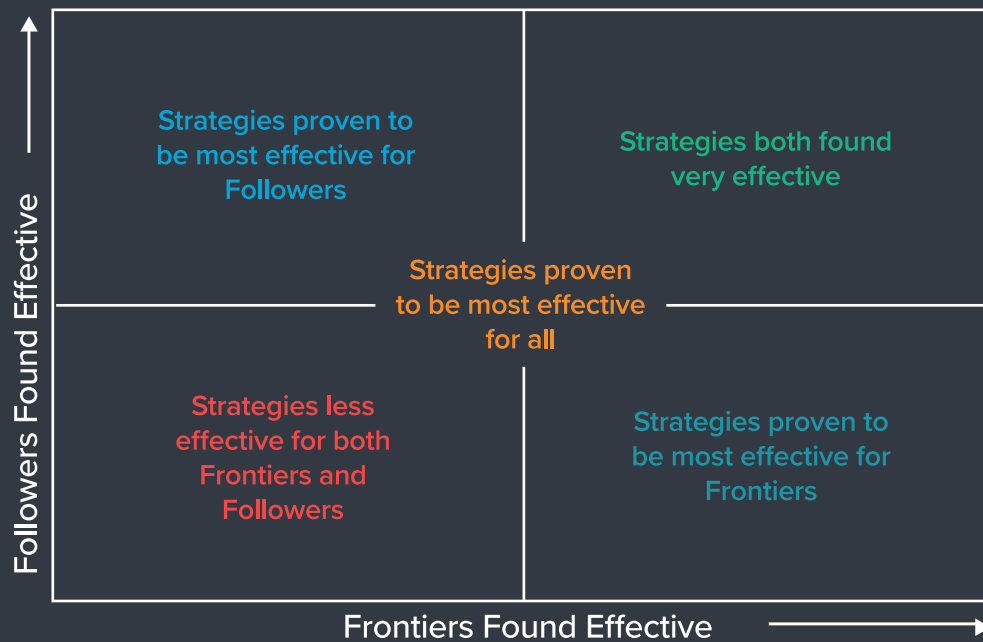
Many B2B CMOs are trying, but struggling, to place more of a focus on top-of-funnel strategies – this suggests there is untapped opportunity in B2B markets for the companies that can take a lead in brand-building activity to build their fame and are able to stand out from the crowd.



The Frontier B2B CMO

As part of our analysis, we sought to identify the B2B CMOs that are leading the pack – those that feel either “very prepared” or “extremely prepared” for the future. We have explored the strategies these Frontier B2B CMOs employ, their behaviors, and what it is that sets them apart (Figure 8).

Figure 8: The difference between Frontiers and Followers over the past year



Extremely effective for Frontiers	<ul style="list-style-type: none"> Developing greater e-commerce capabilities Increased collaboration with other departments
Extremely effective for all	<ul style="list-style-type: none"> Understanding changing consumer behavior / market research Adapting marketing messaging to the current situation Price optimization
Very effective for all	<ul style="list-style-type: none"> Adjusting marketing channel mix Focusing on marketing that gives the biggest ROI Developing direct-to-consumer (D2C) sales models
Effective for all	<ul style="list-style-type: none"> Understanding the needs of our employees Re-evaluating our brand's purpose Working more closely with other members of the C-suite (e.g., CEO, CTO, COO) New product development
Effective for Followers	<ul style="list-style-type: none"> Scenario planning based on external factors
Less effective for all	<ul style="list-style-type: none"> Brand consolidation (prioritizing larger, less vulnerable brands)

Source: dentsu CMO survey 2020 data; Merkle B2B analysis

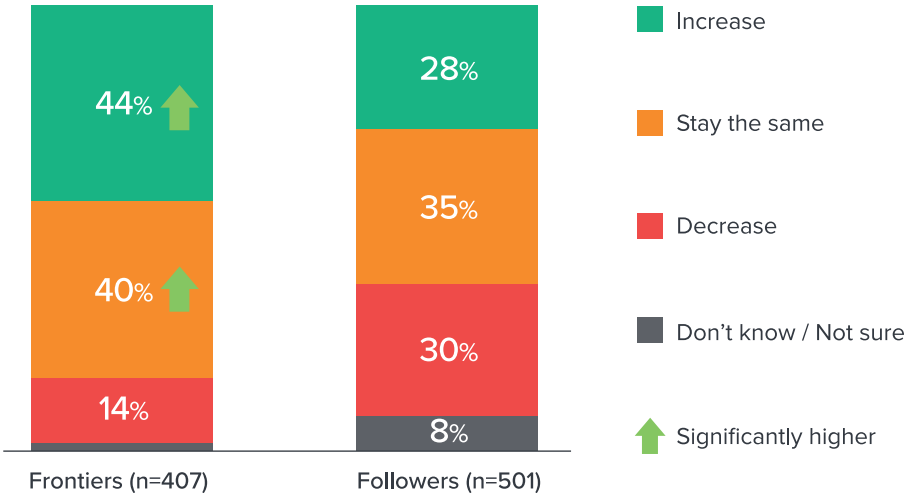
When we compare the effectiveness of strategies used by Frontiers with those found effective by “Followers” (those that are “extremely unprepared” or “very unprepared” for the future), we see that there are strategies that all have found effective. Two key strategies that Frontiers have found extremely effective, which Followers are less like to focus on, are a) developing greater e-commerce capabilities and b) increasing collaboration with other departments. This again emphasizes the importance of B2B CMOs continuing to widen their influence in the business through collaboration – and ensuring marketing is represented and utilized in its holistic sense.

On the other hand, the Followers have found scenario planning based on external factors to be particularly useful – suggesting a mindset of following what others are doing, or perhaps more of a focus on mitigating risks, rather than taking action to drive the business forward.

With all this in mind, Frontier B2B CMOs also believe that the impact of the pandemic has significantly increased the importance of the marketing department in their business compared to B2B Follower CMOs (Figure 9). Whether it is the “chicken or the egg,” the point on increasing collaboration around the business is ensuring that the marketing team and the CMO have more of an influence on the business in the future.

Figure 9: The impact of the pandemic on Frontier B2B CMOs vs. Followers

What impact do you think the coronavirus crisis will have on the importance of the marketing function within your organization?

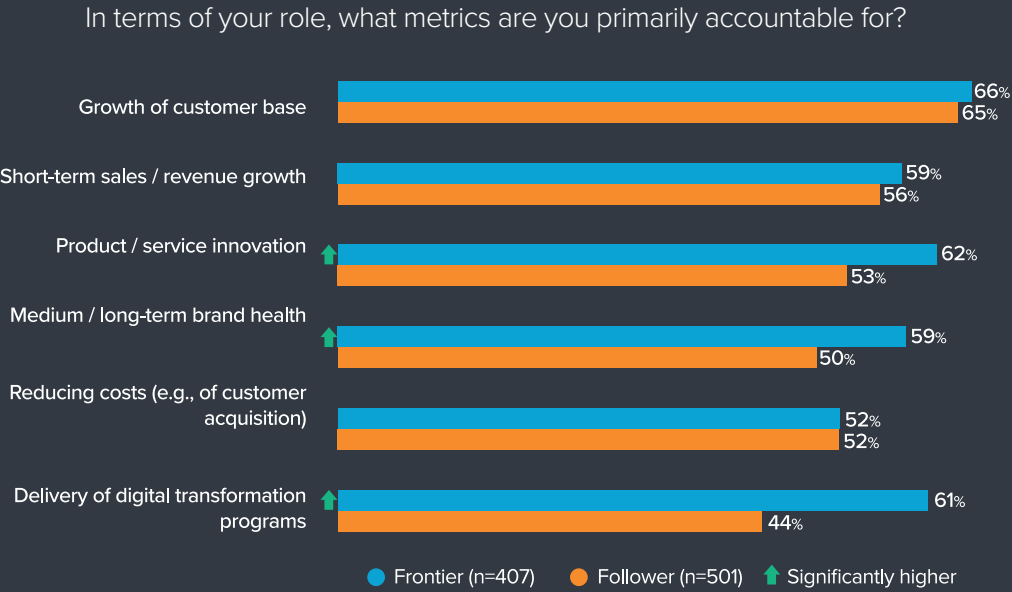


Source: dentsu CMO survey 2020 data; Merkle B2B analysis

Frontier B2B CMOs have a longer-term, more holistic remit

Frontier B2B CMOs have a wider remit in their business, giving them more influence in maintaining a longer-term sustainable competitive advantage. They are more likely to be responsible for product and service innovation and for medium and long-term brand health, but the biggest difference is their involvement in the delivery of digital transformation programs (Figure 10).

Figure 10: Frontier B2B CMOs are accountable for a wider range of metrics



Source: dentsu CMO survey 2020 data; Merkle B2B analysis

There are also key differences between Followers and Frontiers in the marketing strategies that are being adopted and have already been implemented. On the whole, Followers have adopted fewer strategies than Frontiers. Investing in customer experience is still the top area of focus for both cohorts – 75 percent of Frontiers are in the process of improving their customer experience in some capacity.

The biggest gaps, however, are around focusing more on creativity in campaigns (21 percentage points difference in adoption / implementation), rethinking the measurement of ROI of marketing spend (20 percentage points difference), emphasizing innovation, increasing the pace of digital transformation, and honing demand-gen and conversion strategies (all 18 percentage points difference). See Figure 11.

Frontiers seem to be more adept and advanced at making more things happen within their business – and this ultimately filters through to how secure the business feels about its future.

Figure 11: The differences in the adoption of strategies by followers and frontiers

% implementing / already adopted	Followers	Frontiers	Gap +/- %
Investing in improving our customer experience	59%	75%	16%
Focusing more on innovation (e.g., new product or service development, etc.)	56%	75%	18%
Increasing the pace of digital transformation	54%	72%	18%
Putting more focus on top-of-funnel strategies (i.e., strategies to generate new potential customers)	54%	71%	17%
Focusing more on creative marketing campaigns	51%	71%	20%
Shifting more of our marketing spend toward digital media	56%	69%	13%
Rethinking how to measure and prove the ROI of marketing spend	48%	67%	19%
Putting more focus on demand-generation and conversion strategies	49%	67%	18%
In-housing more marketing services	50%	66%	16%
Associating our brand with a social purpose	49%	65%	16%
Shifting more of our marketing spend toward e-commerce	50%	64%	14%
Shifting marketing spend to CRM / retention / loyalty marketing	50%	64%	14%

Source: dentsu CMO survey 2020 data; Merkle B2B analysis



The difference between pure-play B2B companies and companies that sell to both business and consumers (B2B+C)

We asked B2B CMOs whether they marketed their services to other businesses, consumers, or both businesses and consumers. This paper is based on all those who are focused either on other businesses (pure B2B) and those that focus on other businesses and consumers (B2B+C). This has allowed us to look for some of the key differences between these two B2B cohorts.

The B2B+C companies could range from energy companies that sell to both businesses and consumers to technology companies selling consumer electronics and business technology.

Our analysis shows some interesting differences between the two cohorts:

The B2B+C CMOs tend to be more prepared and advanced than pure B2B CMOs.

They tend to be:

- More advanced in their approach, deploying more marketing strategies
- More integrated with the wider business, working closer with the C-suite and collaborating with more departments
- More secure about how well they are set up for the coming years

The pure-B2B CMOs feel less prepared for the future than their B2B+C counterparts – and are less well-entrenched within the wider business.

How they differ:

- They are more likely to be expecting a budget decrease (46% compared with 35% of B2B+C CMOs).
- Fewer strategies are deployed than B2B+C – the biggest gaps in deployment being:
 - New product development (18% vs 32%)
 - Developing e-commerce approaches (18% vs 31%)
 - Developing direct-to-consumer (DTC) sales models (15% vs 25%)
- The biggest strategies for them are understanding changing customer behavior/market research (31%) and price optimization (28%).
- They are responsible for fewer metrics than B2B+C CMOs. The top two are:
 - growth of customer base (52%)
 - short-term sales/revenue growth (51%)

But... there is still a key cohort of pure-B2B CMOs that stands out from the crowd in the great job that they are doing. We classify 33 percent of pure B2B CMOs as **Frontier B2B CMOs**. They are much more likely to deploy more strategies – in particular:

- Even more of a focus on understanding changing customer needs/market research
- Increased collaboration with other departments
- Development of e-commerce capabilities
- Closer involvement with the C-suite
- Focus on new product development

This suggests there is still so much untapped potential across the pure-B2B cohort. The strategies above chime with the wider takeaways from this piece of work: understand the customer, collaborate with other departments, consider channel and digital transformation.

Revisiting The Key Takeaways For B2B CMOs

Start, collaborate, and listen

B2B CMOs have been pulling all the levers of the traditional 4Ps – not just relying on “promotion” as has often been suggested over recent months. There is a more complete and strategic view of marketing, and B2B CMOs have been employing a range of marketing strategies.

Businesses have adapted and deployed a range of marketing strategies to combat the impact of the pandemic – with many of these having been seen as effective strategies of future growth.

There are some key learnings from this research for B2B CMOs to focus on:

Understand the customer

The B2B CMOs who listen to customers, use insights from data, and understand their current and future needs are better able to adapt to change. Continue to gather and use customer data and insights, and build them into all decisions. Tailored insights based on your customers are the ones that will allow for the most differentiation. However, using insights from research, such as Merkle B2B’s ["B2B Superpowers,"](#) can give a starting point in understanding the evolution of customer needs and customer experience.

Collaborate

Continue to build bridges with senior colleagues, collaborate with the wider business, and use the deeper understanding of the customer to drive the business’s focus on all elements of differentiation – from product innovation to brand positioning to the customer experience as a whole. The companies that have collaborated across departments are able to adapt with more agility to changes in customer needs and market demands.

The future is now

There is a big opportunity for B2B companies to get ahead of the pack, but not for long. Many companies are already looking to implement a range of strategies. Many Frontier B2B CMOs are investing in their customer experience and have already shifted to e-commerce. And the digital transformation is accelerating. It is crucial to make sure the approach is tailored to customer needs. But most importantly, get started!

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Conducted in the midst of the worldwide pandemic, this study represents a cut of the dentsu CMO survey, comprising of 908 B2B CMOs (or equivalent), covering 12 countries and a wide array of sectors and business sizes (40% of the sample was from businesses with 1,000 employees or more). The survey was conducted by B2B International, a leading B2B market research firm which is part of Merkle B2B; a collective of five world-class B2B agencies. Merkle B2B combines the best B2B capabilities across data, performance media, creative and brand transformation, allowing the delivery of fully integrated solutions that enable clients to architect the ultimate B2B customer experiences.

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