

THE DECISION-MAKER — LAID BARE

SUMMARY REPORT OF THE 2008 ENTERPRISE DECISION-MAKER INDEX

78% of decision-makers

agree that marketing approaches made by new suppliers are poorly targeted and make it easy to justify staying with the current supplier

46%

think that the account management and marketing of current suppliers is poor

How do you successfully engage with decision-makers in the country's largest organisations?

The commoditisation of products and services makes differentiation more difficult. Supporting growth with existing customers needs a more personal approach. Greater alignment with the sales team makes the focus on results even more important.

In all, our clients – IT software, services and consulting organisations selling to large enterprises – are finding that communication with their customers and prospects is becoming steadily more complex.

You need to communicate clear differences and expertise, to show where solutions add value to target companies, to speak to new audiences in prospect organisations – clearly, getting through to the right people is just the beginning. But the length of the sales cycle and value of the solutions mean that the real challenge is building and sustaining a value-based relationship over time, leading the audience to purchase and re-purchase.

To do that, we need to know how to cut through the noise and deliver content that will be seen as valuable and then integrate the right channels to build and nurture the relationship. And this is where audience research adds significant value. The insight we gain gives us confidence that we are communicating with the right people in the best way for them.

With this in mind, we engaged Coleman Parkes Research, an independent market research company with many years' experience of carrying out similar studies, to conduct interviews with over 100 senior decision-makers in major private and public sector organisations. We have compiled these findings, along with 20 longer interviews that add colour and depth to the bare statistics, in our first Annual Enterprise Decision-Maker Index. Contained within these pages is a summary of the key findings.

We would be happy to share the full results with you and discuss how they are already influencing the way we approach contact and content strategies for marketing IT software and services. If you wish to discuss this or anything in the summary report, please contact me on the details below.



Paul Everett
Marketing Director, The Marketing Practice
peverett@themarketingpractice.com

Some of our questions:

“How have new suppliers successfully engaged with your organisation and what role did marketing play?”

“What can existing suppliers do to grow their business with you?”

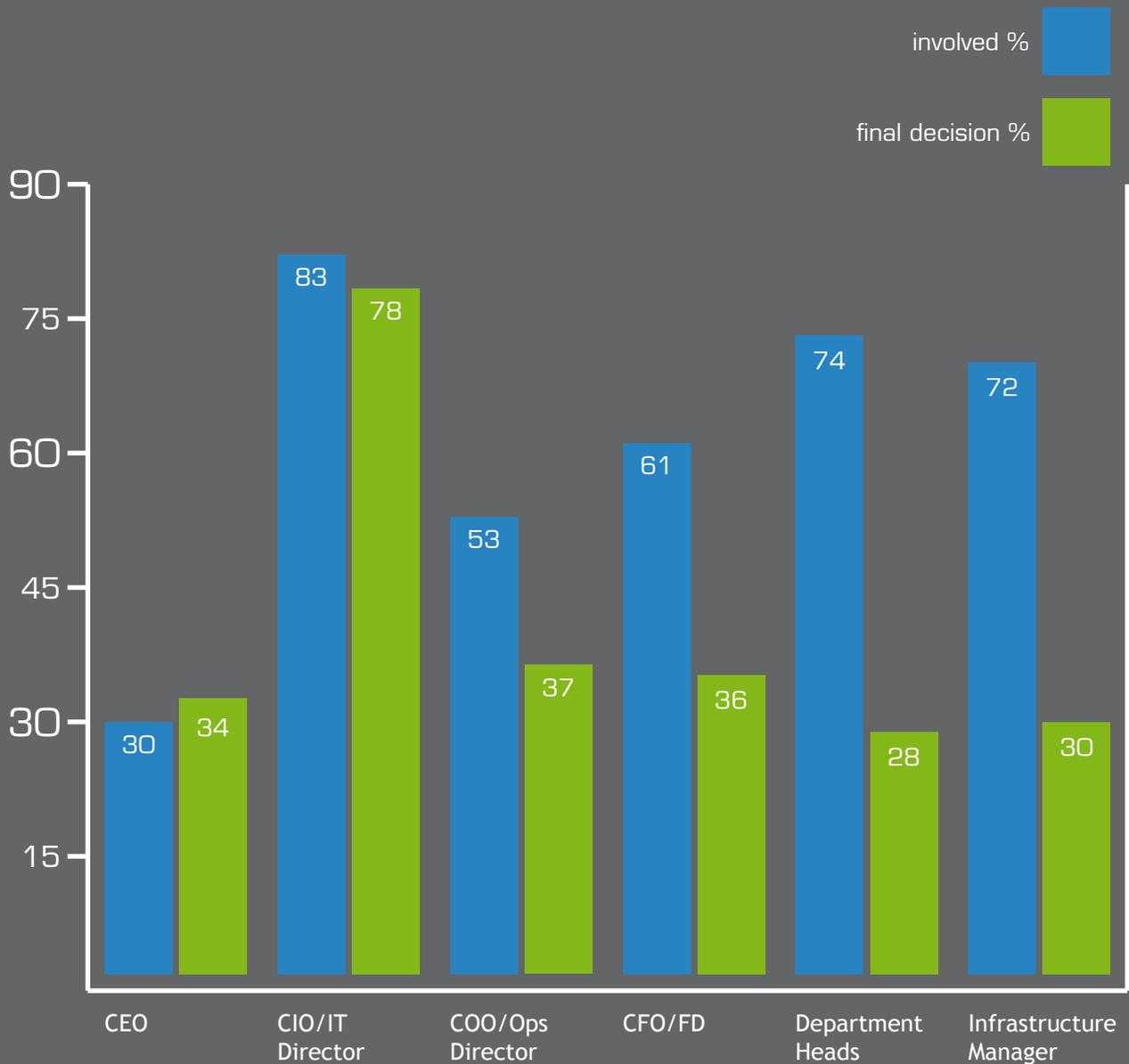
“What are the most effective channels that help you make major supplier decisions?”

“How many emails do you receive each day? What makes one relevant to you?”

“What are the networks, sites, events and publications that you rely on? Why?”

Who should be the focus of marketing attention?

Of all job functions, CFOs are most likely to agree that "IT suppliers do not really understand how to communicate information about their products and services to me."



Who is involved in the decision-making and supplier selection process?
Who makes the final decision?

About the research

The research behind this report was conducted by Coleman Parkes Research through 110 detailed telephone interviews with senior decision-makers across private and public sector organisations. These interviews were also supplemented by 20 extended in-depth case studies with selected contacts.

The fieldwork was carefully controlled to ensure that the research sample covered a range of sectors, job functions and purchase types (hardware, solutions, services...). The job functions covered by the research included CIOs, CFOs, COOs and a range of Heads of Department. The majority of these decision-makers (70 per cent) have a direct influence on the investment of the IT budget, while the remainder all have an indirect involvement.

We are already using the findings to influence work, from annual marketing strategies to the delivery of single events. In any marketing activity aimed at these markets, the research's views on some key questions give an invaluable head-start...

- Who is the IT decision-maker to engage with to ensure the most effective result when promoting certain propositions?
- What are the most valued sources of IT information, from telemarketing and events to business blogs and peer-to-peer networks?
- With communications channels reaching saturation point, how frequently should you communicate with your customers and prospects?
- With so many irrelevant and disengaging marketing approaches, how can you make compelling contact?

Who is the real decision-maker?

The graph opposite highlights the first challenge we face: the range of different job functions that could be influenced around any one decision. Of course, every proposition targets a different combination of these and other titles, but there are some important conclusions to be drawn here.

Perhaps the most significant finding is the spread of involvement across a range of functions. While CIOs and IT Directors are the single most important figures to focus on, three-quarters of those surveyed also said that department heads are likely to be involved in decisions and more than a quarter said they are making the final decisions.

The importance of these other job functions challenges IT suppliers to make their propositions more compelling outside the IT department. A lot of work is left to be done in this area – for example, 61 per cent of CFOs are involved in supplier selection but they are also most likely to agree with the statement that “IT suppliers do not really understand how to communicate information about their products and services to me.”

69%

agree that it will be more important for major IT suppliers to communicate with department heads than at C-Level.

What are their communication preferences?

The results opposite illustrate views on the effectiveness of various channels used to keep up with developments in IT. Information from existing suppliers is ranked at the top of the list, alongside personal and business networks.

Yes, despite this, 46 per cent of decision-makers see current suppliers as quite poor in their marketing and management of existing accounts.

Interestingly, the top-rated channels are those that decision-makers are probably least likely to see as 'marketing' and most likely to be able to control. They can choose whether to tap into word of mouth or to attend an event, to meet an existing supplier or visit a website.

But, of course, this raises the question of how they become aware of these resources in the first place, which is where these results don't tell the full story on their own. Decision-makers are typically unaware of specific channels when they work well together, because they feel like a natural initiation or extension of a relationship. So, for example, the most effective telemarketing won't be perceived as telemarketing at all but will fall into a more popular category like information from an existing supplier or word of mouth...

At a high level, this supports programmes that combine channels over time to create the impression of a more 'natural' relationship. And the results can also be seen at a more granular level: 81 per cent are more likely to read a highly personalised mailer; two thirds agree that telemarketing is more effective when undertaken after an initial mailshot or email.

Ultimately, the research shows that the decision-maker's communication preference has less to do with channels than it does with the relationship: "Quality of relationship is becoming more important and technical competence is almost a hygiene factor" (IT Director, Financial Services).

The rise of
personalisation:

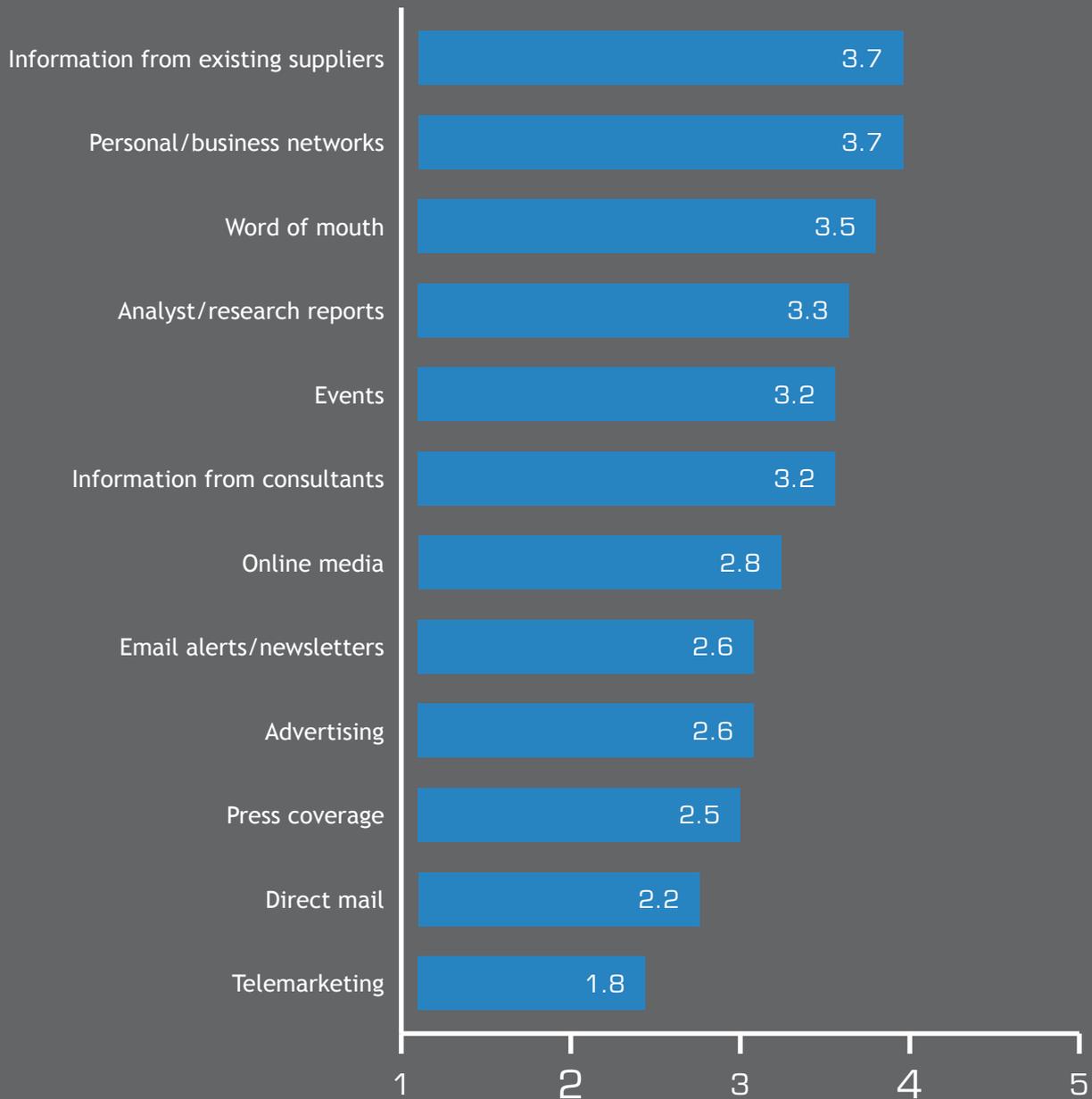
81%

are more
likely to read a
communication
containing specific
content personalised
for them.

Which channels do they find **most effective?**

There is some disagreement about online media: 89 per cent agree **it will become more important** but 74 per cent say it will just add to the **burden of ongoing communications**.

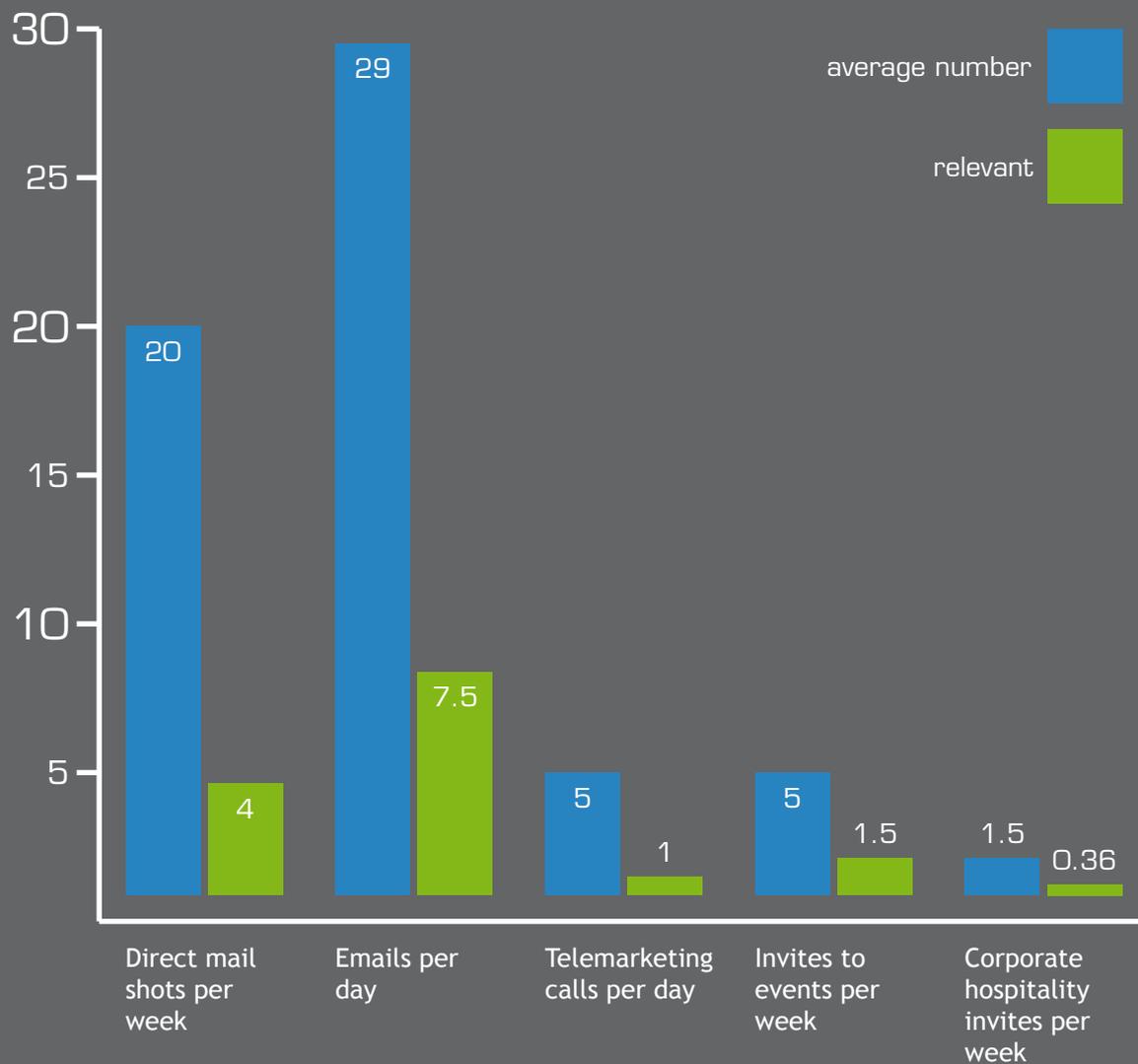
average score



Which channels are most effective for keeping you up-to-date with IT solutions?
[from 1, not effective, to 5, very effective]

Communication channels are reaching **saturation point...**

On average, decision-makers will receive **29 emails per day** and **20 direct mail shots each week**.
Less than 20 per cent of these are seen as relevant.



Average numbers of marketing communications received
(and number seen as relevant)

So why should they listen to you?

Seventy-eight per cent of respondents agree that marketing approaches made by new suppliers are poorly targeted, often feeling part of a directionless, 'scatter-gun' approach. This makes it easy to justify staying with an existing supplier.

Across the board, less than a quarter of communications are seen as relevant. For example, the average decision-maker (if there were such a thing) receives 16 irrelevant direct mail shots and 20 un-targeted telemarketing calls every week.

The sheer volume of marketing communication that decision-makers receive – those we spoke to were subjected to an average of 29 marketing emails every day – means that poorly targeted material will receive short shrift. In fact, saturation is such that speculative communications often never even reach the intended recipient, with nearly a third of respondents (31 per cent) saying that their PA weeded out inappropriate material. More successful approaches often take this into account and make an ally out of the PA.

Of all communications, event invitations are most likely to be seen as relevant (still only 31 per cent), but the real issue here is volume. Respondents receive as many event invitations in a week (five) as they typically attend in a whole year. So decision-makers receive 250 event invitations in a year, find 77 of these to be relevant, but only make the time to attend five.

For an event to be successful, there can be no excuse for poor planning or a less-than-compelling agenda. But these statistics also raise another issue: are IT suppliers capitalising on all the occasions where a recipient finds the invitation relevant but cannot attend the event?

PA's are fighting a battle against irrelevant communications:

31%

of respondents say that inappropriate marketing is filtered out and they only see what is relevant.

On average, decision-makers would like existing suppliers to contact them five times each year about new services. But every one is different:

11%

would like contact every month.

How can we make communications more compelling?

Despite the proliferation of marketing communications, of the five outbound communication channels discussed (mailshots, emails, telemarketing calls, events and corporate hospitality), the average perceived relevance ranged between only 18 and 31 per cent.

Given this, it is hardly surprising that 48 per cent agree that “IT suppliers do not really understand how to communicate their products and services to me.”

So, what makes a marketing approach interesting and relevant? Eight different elements to a communication were ranked by respondents and, unsurprisingly, relevance to business issues and supplier credibility were the top two cited factors.

There are plenty of factors that show why no single communication piece can deliver the full potential in a market. For one, credibility is as much a result of sustained communication as it is something that a single piece can demonstrate. Interestingly, the audience themselves also acknowledge the importance of timing: an issue may be irrelevant one month and top of the agenda the next.

The creative approach of the communication is seen as least important to increasing relevance: but, of course, it is often the creative approach that makes the difference between the other factors being noticed or not.

Revealing the detail behind the statistics...

The 20 in-depth interviews that followed the initial research provide further detail behind the statistics in this summary report.

How has marketing helped a new supplier break in to an organisation?

Why did people last attend an event?

What are the best existing suppliers doing to grow their relationships?

What specific websites, suppliers and analysts are mentioned most frequently?

We would be happy to share the profiles with you and to discuss how the more detailed research results can be used when planning new programmes.

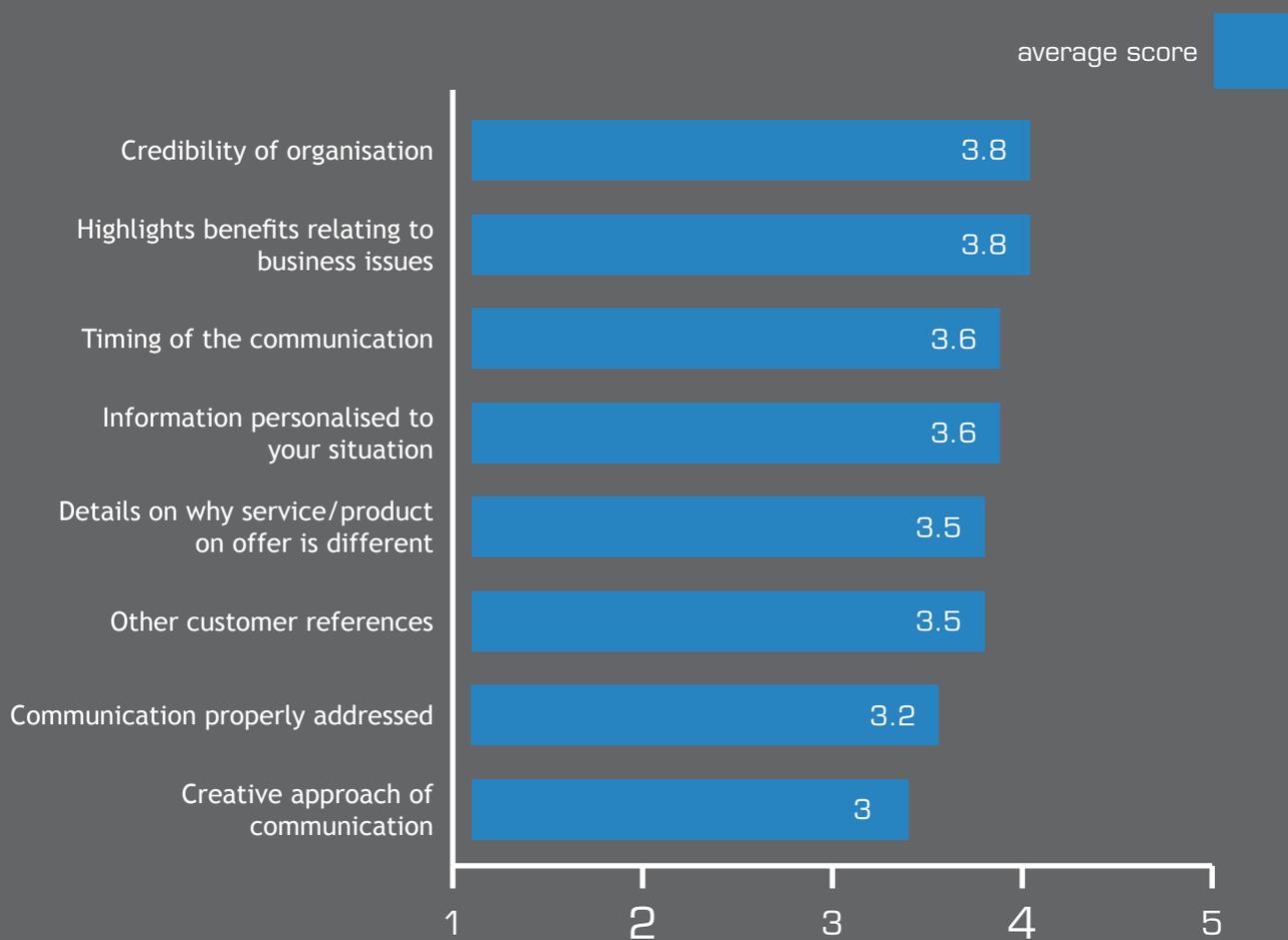
“Existing suppliers who have knowledge of our business provide good input into our decision-making processes ... a large SI continually sends us new updates.”
Senior IT Manager, Corporate Banking

“Running ‘collaborative seminars’ is a good idea – a new supplier can present their capabilities at the same time as understanding us more. It’s a good learning exercise for both of us, helps people market themselves properly and it helps us to notice them.”
Head of Operations and Engineering, Professional Services

“Right now, my pressure points are in areas like user directory services, security access provisioning, desktop and application virtualisation. If a supplier can get a message through to me about these pressures, I will want to meet them.”
Head of IT, Government Department

A magic formula for **relevant and interesting communication?**

Relevance is critical. On average, decision-makers receive **five event invitations every week**; the same number as they attend in a whole year.



Which factors make communication more relevant and interesting?
(from 1, not effective, to 5, very effective)

The full results

This summary report brings together the highlights of the 2008 Enterprise Decision-Maker Index. We are already using the full findings and 20 in-depth personal profiles to influence a range of work in lead generation, account-based marketing and brand positioning exercises.

The research is proving invaluable in answering key challenges for marketers in IT software, services and consulting organisations:

- Deciding on the kind of job functions that should be influenced – it's no longer just the CIO
- Uncovering the most effective ways of communicating with these individuals – what makes an event valuable to them?
- Developing materials that get through to contacts and prompt the right response – barely one in five communications is seen as relevant
- Creating programmes that develop relationships with key customers who are looking to suppliers for valuable information

The Marketing Practice is running briefing sessions on the key findings of the full research, including the insight gained from the 20 in-depth interviews that explore anecdotal evidence from individual decision-makers. To arrange a briefing, please contact Paul Everett on 01235 833233 or at peverett@themarketingpractice.com.



Accredited member of The Association of Business-to-Business Agencies