

RESEARCH AUGUST 2008

epsilon[®]

CMO Survey

Tough times are driving smarter, more disciplined marketing. The economic outlook for the United States remains rough while that for Europe is rapidly declining. Even the growth engines of Asia are stalling and economists are predicting a global slowdown in consumer demand. In this environment, the dominant business goal is to gain market share while reducing expenses.

Marketing is usually among the first casualties of a downturn, a response that hasn't changed much even as industries acknowledge the increasingly competitive and rapidly shifting landscapes for their businesses. Most companies respond in exactly the way they shouldn't, by cutting or freezing budgets, instead of seeing the market as an opportunity.

Senior marketing executives need to be innovative and disciplined in ensuring that their existing budget is well spent.

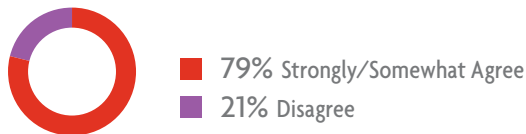
Most marketers, already operating within tight budgets, anticipate further cuts. But a number of marketers are confident that they will be able to manage through the storm by focusing spending where it will have the greatest impact. This means a shift away from traditional marketing and to interactive and digital marketing that is data-driven and targeted; an approach that is already generating demonstrable returns and will continue to do so as the economy improves.

Shrinking budgets

Marketing in tough times means driving measurably effective programs, usually within the constraints of a significantly reduced operational budget. Most senior marketers perceive a strong and immediate link between the economic environment and their business and marketing efforts.

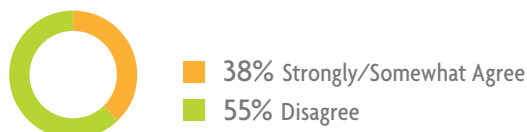
Marketing is the first casualty of a downturn

At the first sign of an economic downturn, the marketing budget is among the first to go

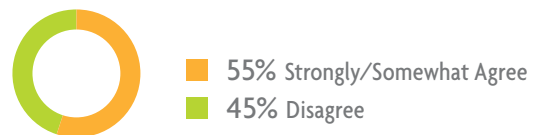


The economic connection

The economy will have a significant impact on my business and marketing efforts



It will have a moderate impact



Limited influence

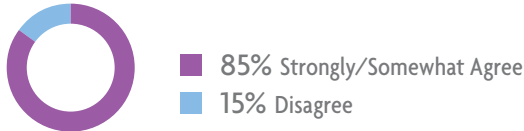
Marketing is vulnerable in a downturn because it is widely perceived by top management as a discretionary outlay and, possibly, because many executives from other disciplines and most sales people consider themselves natural marketers. (Indeed, marketers often perceive a disconnect between the goals of the CEO and the CMO. Not surprisingly, marketing executives describe strategic thinking and the relationship with the CEO as the two most important strengths for a chief marketing officer.*)

The companies that prosper in this environment are able to mine sophisticated analytics and generate genuinely targeted and responsive campaigns with

measurable results while remaining true to their brands. Making the right calls now will better position these companies when the economy improves.

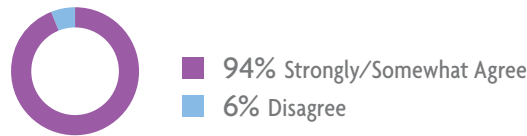
Everyone is an expert

Everyone thinks they are a marketing expert, especially sales people



What does not kill us makes us stronger

A tough economic period is precisely the time when marketing plays a key role

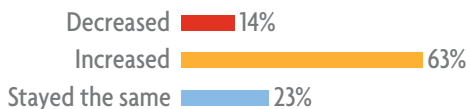


Shifting marketing channels

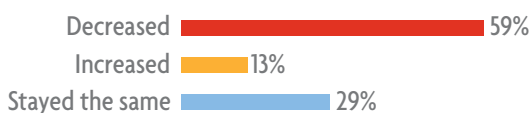
Senior marketing executives anticipate further cuts but are confident that they will be able to manage their budgets by focusing spending where it will have the greatest impact. For most, that means a change in marketing channels. As the overall marketing pool diminishes, the budget for interactive and digital marketing is dramatically increasing, while that for traditional marketing continues to shrink

Toward interactive, digital marketing

Interactive/Digital Marketing:



Traditional Marketing



And away from advertising

The money spent will decrease
65%

The money spent will stay basically the same
27%

Committed marketers

Despite the challenges of marketing in a downturn, the overwhelming majority of marketing executives enjoy both their fast-paced and rapidly changing field and their specific roles within it. They are respectful of their customers, nimble in the marketplace and loyal to their brands.

Born marketers



In the right jobs



Epsilon CMO Survey was conducted in the summer of 2008. TK senior marketing executives participated, 45% described themselves as decision makers and 55% as influencers. The companies are represented by size: 21% report annual revenues of \$250 million to \$500 million; 23% \$500 million to \$1 billion; 30% \$1 billion to \$10 billion and 27% \$10 billion or more. Roughly half market directly to consumers and half to other businesses.

*Only 13% of respondents described their goals of the CEO and CMO as “almost always aligned.” The majority described them as mostly or often aligned. Also, 41% of respondents judged strategic thinking as the most important skill of an effective chief marketing officer; 19% cited the relationship with the CEO and senior management.

For More Information

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