

Marketers are taking proactive steps to re-size and re-direct spend in an unpredictable business climate

The CMO Council has reported that wide-ranging changes to marketing spend and relationships should be expected in this unpredictable business climate.



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The times they are a-changin may be dated lyrics from a popular Bob Dylan album, but many in the digital marketing, advertising, agency, and media buying sectors are finding out just how much these words still resonate today. Chief marketers are facing unprecedented challenges and taking proactive steps to re-size and re-direct spend in an unpredictable business climate, reports the CMO Council.

The CMO Council, which represents some 16,000 marketing leaders in 10,000 companies controlling nearly \$1tn in marketing spend, is rolling out a variety of thought leadership programs and information services to help its members with fundamental restructuring of market engagement. These offerings are designed to give insights, advice and peer-based inspiration to corporate marketing, finance and procurement decision-makers; agencies; media channels; and the marketing supply chain ecosystem. They include:

- A four-part webinar series with KPMG in May, entitled *Marketing Mandate 2020: Pivot Your Plans, Optimize Your Spend*. These presentations and discussions explore strategies for maximising returns from prior investments, effectively managing assets and agencies, and improving plan and spend agility.
- New thought leadership studies to define a new Customer-Intuitive Enterprise model; help companies achieve topline and bottom-line growth through data-driven analytics around “Customer Economics”; and map routes to recovery through more effective omnichannel channel digital engagement and commerce.
- Savings of \$400 on the cost of using the CMO Council’s online decision support centre and research library by giving unlimited access to all marketers, agencies, academics and students valuable peer-based knowledge and insights for just \$95 a year.
- A knowledge transfer and agency search service partnership with the 4As, an organisation that serves more than 600 member agencies across 1,200 offices. Collectively, these firms help direct more than 85% of total U.S. advertising spend.

According to a recent CMO Council audit of its members, most CMOs also feel relatively confident about their company's ability to manage through the global economic downturn. Nearly 60% expressed moderate confidence in their company's contingency, containment and recovery plans, while 31% are extremely confident.

However, many CMO Council members are facing up to some harsh budget realities. Nearly half of marketers surveyed by the CMO Council are bracing for marketing spending cuts. Another 26% don't know what's going to happen to their funding.

Compounding the challenge and complexity facing the marketing and media sectors are new indicators of spend constraints and resource reductions ahead, notes the CMO Council.

- Big brand advertisers are seeking to walk back spending commitments they made to broadcast and cable TV networks, reveals *The Wall Street Journal*. Ad buyers estimate that roughly \$1bn to \$1.5bn in commitments for third-quarter ad spending could be cancelled.
- Digital media powerhouse Google has announced it intends to cut marketing budgets by as much as half for the second half of the year, as well as initiate hiring freezes, reports CNBC.
- Key findings from the Q1 2020 Bellwether Report issued by the UK-based Institute of Practitioners in Advertising reveal that:
 1. Total marketing budgets declined at the fastest rate since the global financial crisis in Q1
 2. Coronavirus pandemic caused broad-based cuts to all forms of marketing activity, with market research and events the main casualties
 3. Ad spend forecast to shrink in 2020, but recovery set for 2021 onward
- McKinsey estimates that consumers might cut back as much as 40 to 50% of discretionary spending, which translates to roughly a 10% reduction in GDP. In B2B, nearly 50% of companies have cut their short-term spending and a similar portion expect to reduce their long-term budgets as well, notes McKinsey.

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