Underground Recession:

The Hidden Strain on B2B CMOs

An in-depth survey of 121 B2B CMOs reveals the hidden economic pressures in the marketing industry.

Bospar
Public Relations + Marketing

CMO HUDDLES

Redpoint

Executive Summary

The United States' macroeconomic indicators appear robust. Since the beginning of 2024, the S&P 500, America's main stock market index, has increased by 446 points, or 9.34%. The Federal Reserve has pushed back its initial cut in policy rates due to continued growth resilience and firmer inflation data.

However, buried within this robust economic data is a different reality: an "underground recession" affecting U.S. and global marketing departments.

"Underground Recession: The Hidden Strain on B2B CMOs" digs deep into marketing leaders' current reality to provide insights into their ongoing challenges and how they impact them professionally and personally. It also discusses actions CMOs can take to adapt to these tough times.

What is happening in today's marketing departments? A Bospar, CMO Huddles, and Redpoint survey in March/April of 121 B2B chief marketing officers (CMOs) and heads of marketing revealed:

69%

believe their industry is in a recession

61%

feel the overall unemployment rate doesn't reflect what is happening in their industry

62%

feel the stock market gains are out of sync with their industry performance

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It isn't easy out there for CMOs

Our survey data underscores the shared experiences of B2B marketing leaders, who are grappling with four trends that are making their jobs difficult:

1. **Budget cuts and revenue declines**
2. **Longer deal cycles**
3. **Staffing cuts and layoffs**
4. **Increased pressure to deliver more with less**

These challenges have undeniably made the past 12 months one of the most professionally challenging periods for many marketing leaders – **61% felt it was the most difficult period of their careers.**

> **"The pressure to deliver results is at an all-time high. Not just for me, but I'm hearing it from my peers in Silicon Valley."**

— Heidi Bullock, CMO, Tealium

"The last 12 months have been an epic pressure cooker. Fortunately, I seem to thrive under pressure. Or at least that's what I tell myself," says Narine Galstian, CMO at Sada. Grant Johnson, a 6x CMO, agreed, saying, "This past year was unlike any I've seen."

The underground recession's impact on marketing strategies and operations

Budget cuts and revenue declines

The current economic environment has led to significant budget cuts and revenue declines across various industries. **Over one-third (38%) of marketing leaders indicate their companies are experiencing flat or declining revenue.**

However, the impact of slowing revenue isn't felt equally across all departments. IT, for instance, is unlikely to see any contraction in spending, [according to IDC.](#) Marketing departments, on the other hand, are among the hardest hit.

77%
of marketing leaders report flat or reduced budgets

38%
of marketing leaders report budget cuts of at least 3%

> **"This research is consistent with what I'm seeing. The overall market is softer, competition has heated up, and marketing budgets are getting pegged at a smaller percentage of overall revenue. My challenge is to focus on the initiatives that matter the most, help my leaders to manage through the increasing pressure, and foster a thriving micro-culture for my team."**

— James B. Stanton,
VP, Go To Market at Empyrean

Factors driving budget cuts and revenue declines

Several key factors contribute to the observed budget cuts and revenue declines.

Higher interest rates and inflationary pressures
Higher interest rates and inflationary pressures are significant contributors to reduced marketing budgets. According to [Deloitte,](#) due to the impact of inflationary pressures on spending, most companies reported a decrease in marketing spending levels (52.0%) or no effect (31.4%), with only

16.6% reporting an increase. This suggests a cautious approach to marketing spend driven by concerns over sticky inflation.

Underwhelming progress on digital transformation

Digital transformation has not yielded the anticipated results for many companies, further straining marketing budgets. A [2022 Gartner survey] found that 67% of CFOs say the last three years' of digital spending has not met enterprise expectations. This sentiment has likely dampened enthusiasm for continued tech investment from investors and the rest of the C-suite, making it increasingly challenging for CMOs to secure the necessary budgets for digital initiatives and technology investments.

The impact on CMOs

The combination of budget constraints and revenue challenges are profoundly limiting CMOs' ability to execute, This is evident in Gartner's 2023 CMO Spend and Strategy Survey, where 70% of CMOs reported their enterprises lack sufficient budget or resources to deliver their marketing strategies successfully.

However, companies may pay later for slashing the marketing budget. Research by Analytic Partners indicated that companies that cut their marketing spend versus those that didn't fare much better. For those brands that maintained or increased their marketing budgets in a downturn, 54% saw a return on investment (ROI) improve, and 52% of brands recorded an ROI uptick over a two-year window. Conversely, brands that cut media spending saw an 18% contraction in incremental sales. Two-thirds of losses in incremental sales resulted from lower investment, not a drop in ROI.

"A heavy focus on top-line growth while returning bottom-line performance has forced many B2B CMOs to prioritize immediate revenue generation over brand-building activities. While this approach might help in the short term, organizations that can combine growth acquisition with brand awareness will be best positioned to win the long game."

— Kristin Russel, CMO, symplr

Longer deal cycles

In recent years, marketing departments have also faced increased pressure due to extended sales cycles, significantly affecting revenue timing and marketing budgets. According to our research, 54% of marketing leaders are experiencing longer deal cycles.

54%

of marketing leaders say deal cycles are longer now

The rise in interest rates and overall economic uncertainty are logical explanations for businesses postponing or avoiding new purchases. One study's data showed that the average startup has experienced a [24% increase in sales cycle length] from early 2022 to 2023. What used to be a 60-day sales cycle is now 75 days. Startups selling to enterprises have seen a 36% increase in sales cycle duration.

The impact on marketing departments

The financial implications of prolonged deal cycles are significant. Slower deal cycles often lead to reductions in marketing budgets and growth investments. Conversely, even if win rates remain constant, reducing a deal cycle from four months to three months can boost annual recurring revenue (ARR) by 46%. Further reducing it to two months can result in a staggering 143% increase in ARR compared to a four-month cycle, underscoring the urgency of addressing this issue.

Longer deal cycles also require more touchpoints and content to keep prospects engaged over extended periods. This increases the workload on marketing teams, who must continuously produce high-quality, relevant content to nurture leads through an even lengthier buyer's journey.

> **"Longer deal cycles are a huge problem, especially with investors focused on quarterly targets. Despite marketers' dedication to driving qualified opportunities, the perception that marketing isn't delivering quickly enough is creating mounting pressure and stress for marketers to accelerate and do more with the same or fewer resources."**

— Ali McCarthy, Fractional CMO, Amplify Your Voice

Staffing cuts and layoffs

This past year's economic challenges have led to widespread layoffs across various industries, with marketing departments being particularly hard hit. In our survey of B2B CMOs and marketing leaders, 50% said their company had experienced layoffs and 41% saw cuts to their marketing departments.

50%
of marketing leaders/companies experienced layoffs

41%
of saw cuts within the marketing department

Factors behind marketing layoffs

Several factors contribute to the higher rate of layoffs in marketing departments. Marketing is often perceived as a cost center rather than a revenue generator, even by some CMOs. eMarketer reports that 48% of financial services CMOs hold this view. This perception makes marketing departments an easy target for layoffs and budget cuts during economic downturns.

During recessions, companies often prioritize areas that can drive quick revenue. This myopic view, as evidenced by the number of layoffs and budget cuts CMOs experienced last year, is a cause for concern as it undermines the importance of marketing departments in ensuring long-term business.

Finally, some marketing staffing cuts are the result of massive layouts throughout the company, due to growth slowdowns and/or resource realignments. Amazon, for example, is shifting its investment dollars to generative AI.

The impact on CMOs

The layoffs have notably impacted marketing leaders and their departments, with many reporting increased pressure to achieve results despite reduced budgets and staff.

69%
of marketing leaders were asked to do more with less budget in the past 12 months

76%
of marketing leaders are under more pressure to deliver pipeline results

Layoffs are also affecting collaborative efforts with sales and product teams. With longer deal cycles and the need to create more touchpoints and content to keep prospects engaged, the remaining staff are finding it increasingly challenging to meet the increased demands with fewer resources.

> **"This past year was unlike any I've seen. The pressure to do more with fewer resources made it incredibly challenging, but savvy CMOs found a way."**

— Grant Johnson, 6x CMO

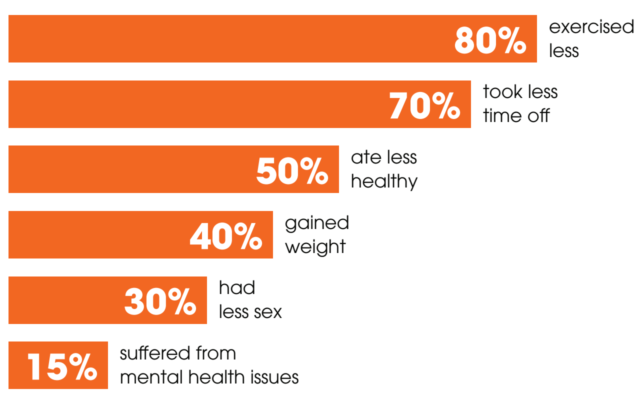
The mounting pressure on the CMO role

The toll on CMOs is personal as well as professional

The role of the CMO has never been more demanding, and the pressure has taken a personal toll on many CMOs. More than two-thirds (67%) of marketing leaders say the pressure of the past year has impacted their overall well-being.

The pressures faced by CMOs have led to numerous adverse effects. A striking 80% got less exercise, while 70% took less time off. Additionally, 50% ate less healthily, and 40% reported weight gain. Furthermore, 30% experienced a reduction in sexual activity, and 15% suffered from mental health issues caused by stress.

Adverse effects experienced by CMOs



These personal challenges have been further compounded by increasing pressure on the CMO role itself.

"The stress level keeps ratcheting up and it's taking a toll on my health. I'm not sleeping either."

— CMO, public MarTech company

Decline in CMO job postings

In the United States, the number of CMO job postings on LinkedIn was 62% lower in February 2024 compared to February 2023. Globally, the trend is similar, with CMO job postings dropping by 47% between February 2023 and February 2024. Additionally, only about one-third of top marketers at Fortune 500 companies now hold the conventional CMO title, a significant reduction from 74% in 2009.

Factors for the decline

Companies like Etsy, Walgreens, and UPS are consolidating marketing responsibilities under roles such as Chief Operating Officer (COO), Chief Growth Officer (CGO), or Chief Revenue Officer (CRO), reflecting a trend toward streamlining leadership structures and reducing perceived redundancies.

The economic climate has produced a sharp increase in the number of CMOs in transition. CMO Huddles saw its "Transition Team" grow from 30 in 2022 to more than 180 in 2024. Drew Neisser, the community's founder, explains, "There's a lot of pain in CMO-land right now, as displaced CMOs fight for a limited number of new opportunities while employed CMOs are being asked to do more with less." Neisser notes that CMO Huddles also supports over 300 CMOs with full-time positions.

Impact on CMOs

To maintain their roles and demonstrate success, CMOs must increasingly focus on ROI and business outcomes as critical metrics for marketing success. The Marketing Week found that almost half of marketers (48.4%) report that ROI is the most important metric for their CEO, CFO, and board members, followed by delivering business outcomes (39.9%) and new customer acquisition (35.8%).

"CMOs must demonstrate marketing's short and long-term impact on the business. It's a tightrope since the big things new CMOs change (like brand, website, and messaging) won't impact sales for 6-12 months."

— 3x SaaS CMO

How CMOs can adapt to tough times

Strong leadership and foresight are still needed

Economic pressures are expected to continue. CMOs must continue to navigate these challenging times with a blend of strategic foresight, clear decision-making, and courageous leadership.

MarTech entrepreneur Jon Miller notes that "B2B marketers are seeing flat pipelines, longer deal cycles, and declining budgets. The old playbooks just aren't working anymore, and it's time for a new playbook (and new technology) that aligns with modern buyers."

What should this new playbook look like? Drew Neisser of CMO Huddles says there are four areas CMOs should focus on. These include:

Role expansion: As the landscape evolves, so should the role of CMOs, who are less vulnerable when their duties go beyond marketing. Think CMO+. The PLUS could be adding internal comms, customer experience, customer success, pricing, e-commerce, AI transformation, and in some cases, sales.

Metrics expansion: Marketing's impact goes well beyond the pipeline, so CMOs need to build a dashboard that reflects all the value they deliver. A healthy dashboard demonstrates marketing's impact on employees, customers, prospects, and partners. CMOs also need to educate other C-suite members on the business value of these metrics.

Idea concentration: Marketers need to avoid the peanut butter effect. Spreading your budget against too large an audience or too many programs limits the impact. Focus is your friend especially if you have one big brand idea that holds your marketing components together. Marketing is a monumental battle for mind space. Successful marketers own something.

AI implementation: If you think of GenAI as a means of efficiently creating content, then you're likely to miss the biggest opportunity of your career. GenAI is a game-changer; it's not so quietly changing every aspect of business. Dream it and you can do it.

The road ahead may be fraught with challenges for CMOs, but their resilience and adaptability will play a critical role in overcoming these obstacles. By embracing strategic foresight and courageous leadership, marketing leaders can ensure their departments thrive in the face of continuing economic pressures.

About Bospar

Bospar is the award-winning "politely pushy" tech and health public relations and marketing agency. The firm, which launched in 2015, provides clients with national support thanks to its distributed agency model. Bospar's staff includes marketing and PR experts and veteran journalists from top-tier tech and business media. The agency's strategic and creative thinkers excel in earned and social media, analyst and investor relations, content creation and placement, and public affairs. Leaders from brands – including Alkermes, Standigm, Marqeta, Snowflake and Unisys – trust Bospar to drive category leadership for disruptive technologies and solutions. Learn more at Bospar.com.

About CMO Huddles

CMO Huddles is the only community of marketing leaders dedicated to inspiring B2B greatness (and that donates 1% of revenue to the Global Penguin Society). Whether you're a full-time B2B marketing leader or in transition, CMO Huddles is here to help you gain the confidence, colleagues, and coverage you need to succeed. From timely programming to personalized service and Drew's penguin hat, CMO Huddles is THE community of choice for edge-seeking B2B CMOs. Lean more at CMOHuddles.com.

About Redpoint

Redpoint is a B2B original research and content marketing firm that specializes in delivering customized B2B original research and compelling thought leadership content. With over a decade of experience collaborating with leading tech brands, such as Zapier, Adobe, and more, our approach combines rigorous data collection and analysis, qualitative interviews, and skilled storytelling to deliver content filled with original insights and thinking. Learn more about Redpoint by visiting us at www.redpointcontent.com.