

B2B MARKETING *Outlook 2016*

AN AUSTRALIAN RESEARCH REPORT
EXPLORING B2B MARKETING PRACTICE,
INTENTIONS AND DIRECTIONS

IN ASSOCIATION WITH



B2B Marketing™

EVENT PARTNER



Foreword



Andrew Haussegger

MANAGING DIRECTOR, GREEN HAT

Once again, we have had a tremendous response to our annual B2B marketing research – thanks to the 448 respondents who participated!

I hope you find this year's 'best-in-class' analysis of value. It allows marketers to 'set the bar' for their own marketing activity with insight into best practice. These stand-out marketing leaders are metrics-driven. They measure more accurately, are less challenged in measuring ROI and, not surprisingly, half of them are getting more budget. They also invest more in marketing automation, which accounts in part for their proficiency in measurement, and are much happier with their automation results.

The open wound that seemingly will not heal is found in sales and marketing alignment. Satisfactory lead follow-up is spiralling downward with the major culprits being at the big end of town. With more noise about 'revenue marketing', surely this cannot continue. Although we said that last year.

Focus on digital and content marketing continue to grow, so expect more data that needs tracking and analysing. Time to take a leaf out of the best-in-class marketers guide book!

Finally, thanks once again to our industry supporters – ADMA, Marketing Magazine, B2B Marketing UK and the team at B2B Marketing Leaders Forum.



Jodie Sangster

CHIEF EXECUTIVE OFFICER, ADMA

2016 is shaping up to be a pivotal year for B2B marketers as the investments in digital transformation are starting to be seen.

Budgets continue to be on the upward trajectory with digital now accounting for just over 30% of total spend. Another transformative shift is the move towards content marketing, with marketers allocating almost as much of their budget to content marketing as they do to traditional marketing. It will be interesting to see how this trend tracks in 2017 as content marketing moves to the peak of the Gartner Hype Cycle.

Another key differentiator in the coming year will be the ability for companies to accurately measure and attribute their marketing efforts. As shown in the research, those able to effectively measure stand-out from the rest of the market.

The adoption of technology to streamline marketing functions and deliver personalised, relevant and timely interactions was a key focus for 2015 as well as ensuring teams have the skills to effectively leverage the technology. This is a now a core business requirement, and B2B marketers who have not fully embraced technology to improve conversion and engagement should make this a 2016 priority or risk losing relevance.

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1.1 Key Findings

In this sixth annual edition, we report on 'best practice' B2B marketing. As well as providing insight into trends across many aspects of B2B marketing in Australia, we hope this new dimension will help you to compare your own marketing outcomes and traits with those of the Best-in-Class Marketer (BICM).

So how have we defined best-in-class? There is no universal definition. We consulted with B2B leaders and arrived at describing the BICM as one who has applied all of the following best practices:

- 1. Developed target market personas.** Marketing strategy starts with an understanding of the B2B customer which includes their pain points, needs and buying processes.
- 2. Has at least two-thirds of marketing leads followed up by Sales.** Marketing and Sales teams need to be aligned in engaging, qualifying and closing buyers. This requires aligned goals, lead stages, processes and reporting.
- 3. Implemented a marketing automation platform.** The growth in communications channels and data adds to the complexity of optimising pipeline and revenue outcomes, hence a need for automation.

When we applied these three criteria to this year's research data, 14% of the 448 respondents fell into our definition of best-in-class. Throughout this report, we highlight the most significant characteristics of this group compared to the 'rest of respondents'.



Generally...

- The top three challenges respondents faced in 2015 were measuring their marketing ROI (40% of respondents), generating leads (39%) and building brand awareness (39%)
- In 2016, generating leads (77%) and nurturing leads (71%) stand out as major objectives, without much variance between best practice marketers and the rest of respondents
- Interestingly, the lowest ranking objective is sales and marketing integration (44%)
- For the last three years, Digital Marketing has progressively taken share of budget from other activities; in 2016, nearly one third (31%) of the B2B budget will be expended on digital, compared to only 19% on traditional marketing (in second place)
- 40% of respondents reported that their budgets were increasing by at least 5%, compared to 9% decreasing; interestingly, 50% of BICMs reported that their budgets were increasing in 2016

1.1 Key Findings



About Content and Social Media Marketing

- The majority of BICMs rate Content Marketing as very significant or significant (94%)
- 42% of respondents develop audience personas which is similar to last year's data
- LinkedIn continues to dominate, with 86% usage, as the leading B2B social platform
- Facebook gains some ground with YouTube slipping some points
- Only 28% are very satisfied or satisfied with their social investment, but more are unsure (35%)
- 42% of respondents will spend more on inbound marketing than outbound in 2016



About Marketing Automation

- 51% of respondents have a marketing automation platform, with the market leaders being Marketo, HubSpot, Salesforce Pardot and Oracle Eloqua
- ROI satisfaction (very satisfied or satisfied) with automation is on the rise from 38% in 2015 to 43% to 2016
- Improved lead generation/nurturing (61%) and improved marketing productivity (59%) are rated as the top benefits of marketing automation
- 56% of BICMs are very satisfied or satisfied with their marketing automation investment, compared to only 37% of the rest of respondents



About Measurement and Metrics

- Only 36% had a satisfactory volume of leads followed up by Sales – compared to 48% in 2015 (we define satisfactory as being 'more than two-thirds of leads followed up by Sales')
- 26% have at least one in three leads closed by Sales
- Nearly two in five respondents (38%) do not know their cost per lead
- Less than half of respondents are accurately measuring key metrics, with the top result being 'lead conversion to revenue' (44%)

1.2 Observations

What does Best-in-Class B2B Marketing look like?

As per our definition above, a Best-In-Class Marketer (BICM) invests in persona profiling, marketing technology and alignment with Sales. Other key traits are:

1. They are less challenged in measuring marketing performance (21%) than the rest of respondents (40%). To that end, 83% are aware of their cost per lead compared to only 59% of their peers.
2. They value Content Marketing – 94% of BICMs rate it as very significant or significant in their marketing activities, compared to 75% for the rest of respondents.
3. Proportionally, they will spend 50% more of their budget on marketing automation in 2016 (12% of total budget compared to just 8% of the rest of respondents).
4. They are twice as likely to be satisfied with their Social Media Marketing (48%) than the rest of respondents (24%). BICMs are also more active as publishers on social media.
5. Lastly, they invested more in inbound marketing than outbound marketing in 2015 than the rest of respondents.

So for those marketers aspiring to join the ranks of 'best in class', we recommend optimising five key areas: audience profiling, content/inbound marketing, automation, measurement and aligning tightly with the sales team.

'Revenue Marketing': Little traction on a slippery slope

One of the common complaints of the B2B marketer is that Sales doesn't follow up on their leads. If you are in this category, then (sadly) you are in the majority.

In last year's report, only 48% of respondents had satisfactory lead follow-up. This year, the number has dropped to 36%. Also trending in the wrong direction are those who are unsure if leads are followed up, which has increased from 20% to 23%.

Further analysis tells us that the larger the business, the more likely it is to have a problem with lead follow-up. Larger enterprises (\$500M+ revenue) reported that only 12% of their leads are satisfactorily addressed by Sales. Mid-size enterprises (\$25-\$500M revenue) do not fare much better, with a satisfactory follow-up of only 28%.

A more important metric is 'lead conversion to revenue'. Only 26% of respondents said that at least one in three leads handed to Sales convert to orders. But the blind spot is that only half of respondents (51%) have rated 'measuring marketing ROI' as an important objective. This will be at odds with most CEOs and CSOs who want to see measurable results. Given the B2B sector is 'sales-led' (not marketing-led like B2C), we expect successful B2B marketers in 2016 will be those who embrace strong alignment with their Sales counterparts.

You can't manage what you can't measure

We wanted to understand how systematically marketers were measuring outcomes. The question was phrased as 'What do you measure ... with 80% accuracy?'. We asked about customer engagement, sales acceptance/follow-up of leads, then lead conversion to revenue.

Logically, engagement is required before a buyer becomes a lead, and follow-up happens before the lead turns into revenue. We also asked the same question about campaign ROI attribution. This involves tracking revenue attributed to marketing activities, but can also mean attributing leads and opportunities.

The response range to these four metrics was below half; in fact, 33% to 44%. We found that two-thirds are not accurately attributing ROI for their campaigns and almost three in five are not accurately tracking leads to revenue.

However, this is an area where BICMs shine. They are 72% more likely to be accurately attributing ROI to campaigns, 53% more likely to accurately measure lead acceptance and follow-up by Sales, and 39% more likely to be accurately measuring lead conversion to revenue.

1.2 Observations

Content and Inbound Marketing: More talk than walk?

With 77% of marketers embracing the significance of content marketing, we would expect to see a strategic approach to understanding the audience for whom this content is intended. This year, we expected to see more marketers developing audience personas – however it has remained on par with last year at 42% of respondents (43% in 2015).

We predict that personalisation of content and communications will become a critical success factor in B2B marketing from this year on. The keyword is ‘relevance’. Google knows it and continues to mould its algorithms around it. Marketers need to better understand their audience in order for their content to drive effective customer engagement.

B2B content marketing is closely aligned with inbound strategy – as quality content is required to effectively drive inbound traffic. We were surprised to see that actual investment was higher in outbound marketing than inbound, given last year’s respondents said they planned to spend more on inbound during 2015.

In 2016, marketers again plan to spend more on inbound than outbound, but we wonder about this. We know inbound marketing is a longer-term play than most traditional outbound techniques – especially for driving demand. A trend is evolving in which the plans of passionate inbound marketers do not always materialise in action and investment, usually due to internal pressures for short-term financial outcomes.

Social media is being used as an omni-channel itself – for paid, earned and owned media, as well as a ‘social selling’ channel for the salesforce. We see three camps of response almost split evenly into thirds. About one third are getting good results or at least breaking even, another third are yet to achieve any return and the remaining third is unsure. Social is often used as a ‘back-up’ channel for B2B integrated campaigns and there are definitely some good signs. Overall, the findings of our research indicate there is still scepticism in the market – especially within the C-suite, where nearly two-thirds are either not yet seeing ROI or are unsure.

Marketing Automation crosses the half-way mark!

Interestingly, the research tells us that about half (51%) of B2B marketers use marketing automation – which is only up slightly from 2015 (47%). We would have expected adoption to have grown at a faster rate, given the drive for improved lead generation and nurturing, as well as the significant marketing investment major automation software vendors are making in our region.

However, when we analyse the responses based on size of business, we see the adoption in mid-to-large-sized businesses (\$25M+ revenue) is in fact at 62%. Conversely, only 42% of small businesses (< \$25M) have invested in a marketing automation platform.

Over half of the BICMs (56%) are very satisfied or satisfied with the return on their automation investment, whereas only 37% of the rest of respondents felt the same way. This is understandable given two observations; firstly, BICMs are generally measuring outcomes more effectively and secondly, a higher percentage of them have integrated their automation platform with their CRM (being a key performance enabler).

2.0 The Results

Research Methodology

This research was conducted from December 2015 to February 2016.

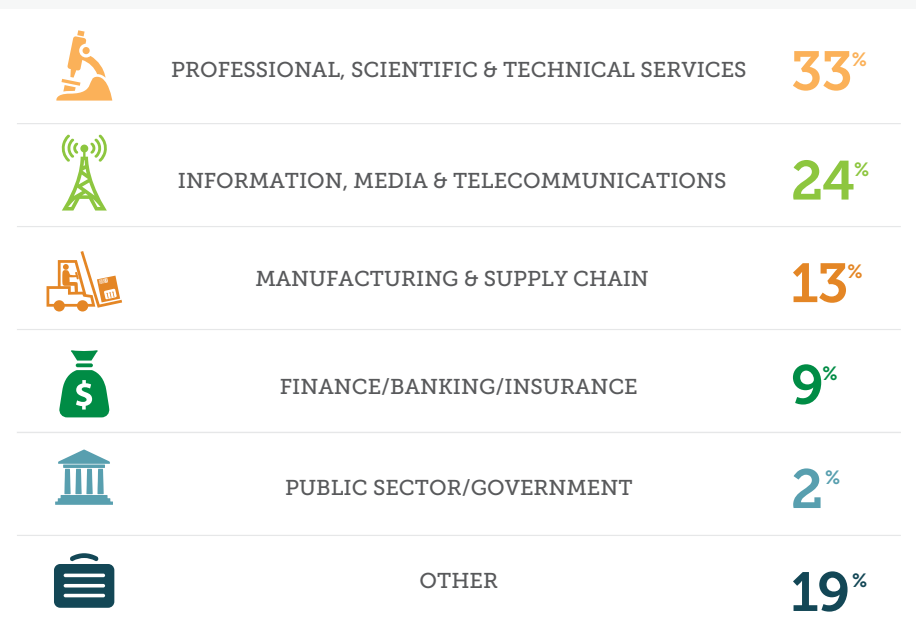
Respondents were approached by email and telephone with 448 complete responses collected via an online questionnaire.



2.1 Research Demographics

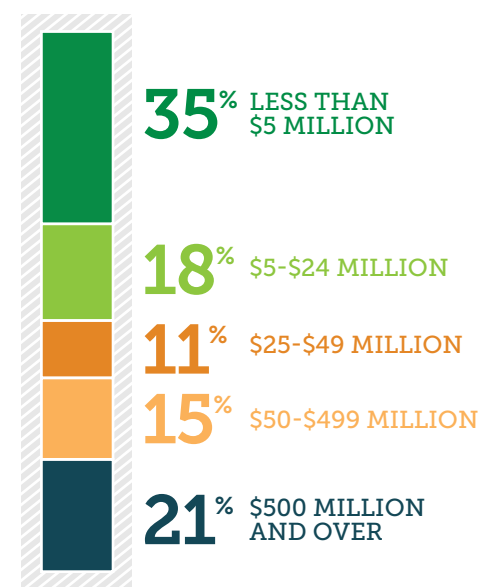
INDUSTRY

Which most accurately describes your industry?



TURNOVER

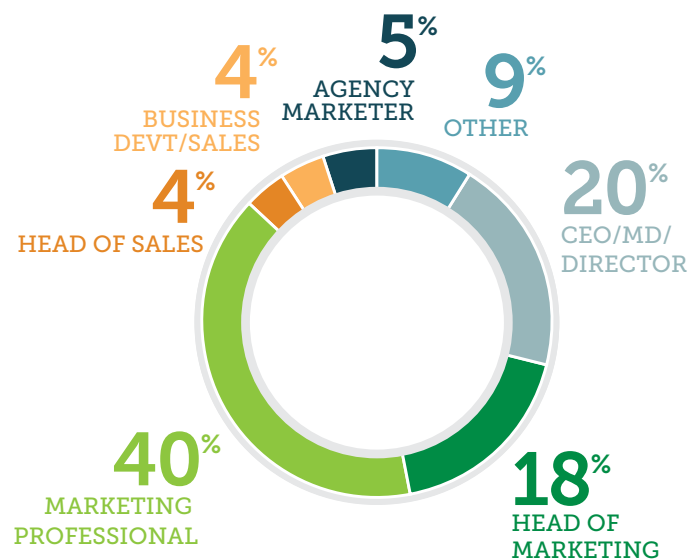
What is your organisation's annual turnover?



2.1 Research Demographics

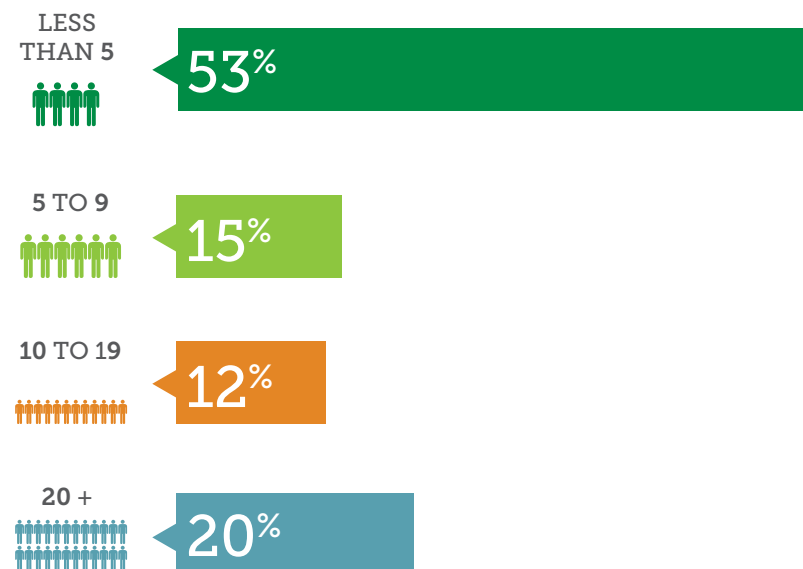
ROLE TYPE

Which of the following best describes your role?



SIZE OF MARKETING TEAM

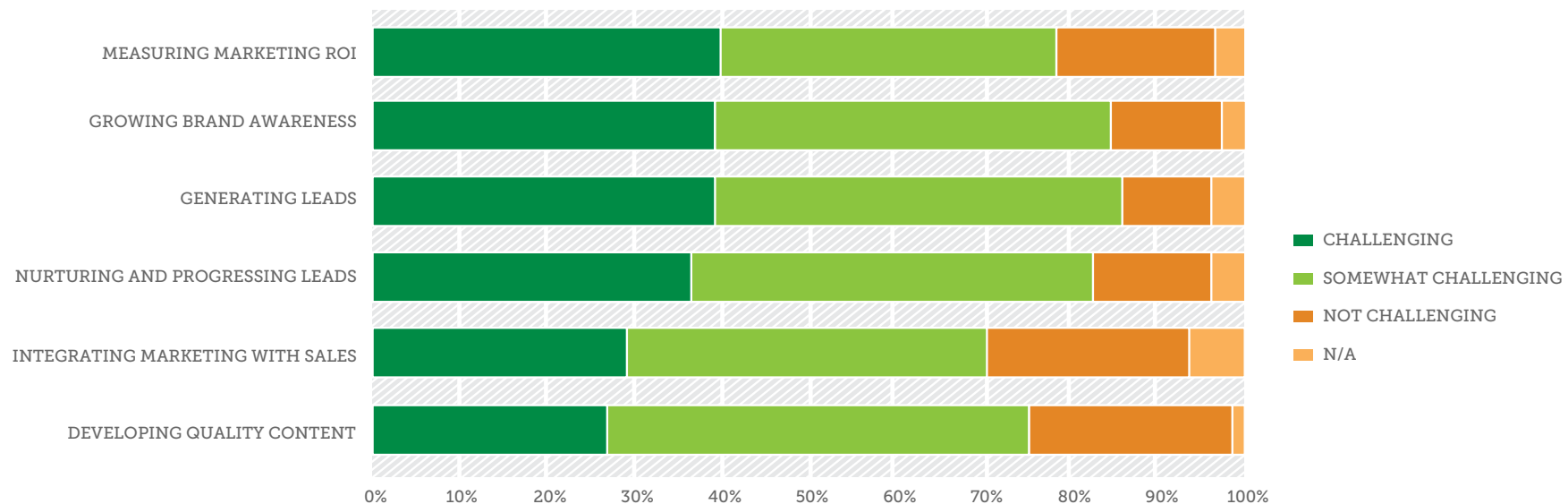
How many people are in your marketing team (full-time equivalents)?



2.2 Marketing Challenges & Objectives

MARKETING CHALLENGES IN 2015

How challenging were the following activities in 2015?

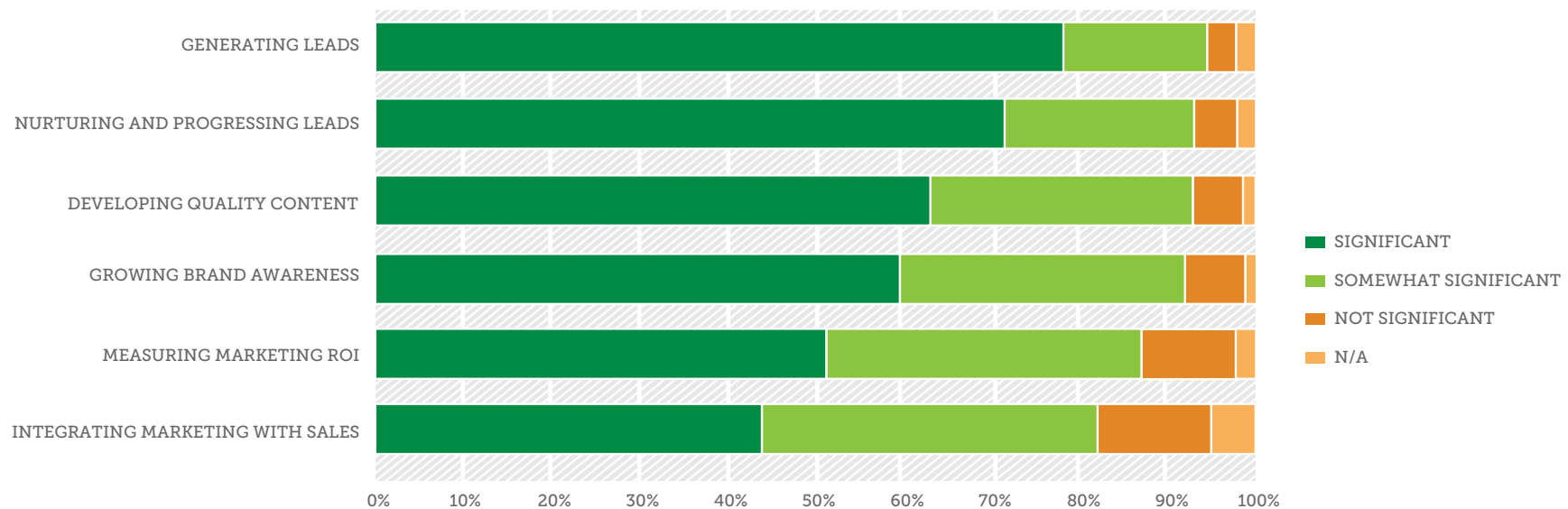


BEST-IN-CLASS: BICMs are less challenged in measuring marketing performance (21%) than the rest of respondents (40%). To that end, 83% are aware of their cost per lead compared to only 59% of their peers.

2.2 Marketing Challenges & Objectives

MARKETING OBJECTIVES IN 2016

How significant are the following objectives in 2016?

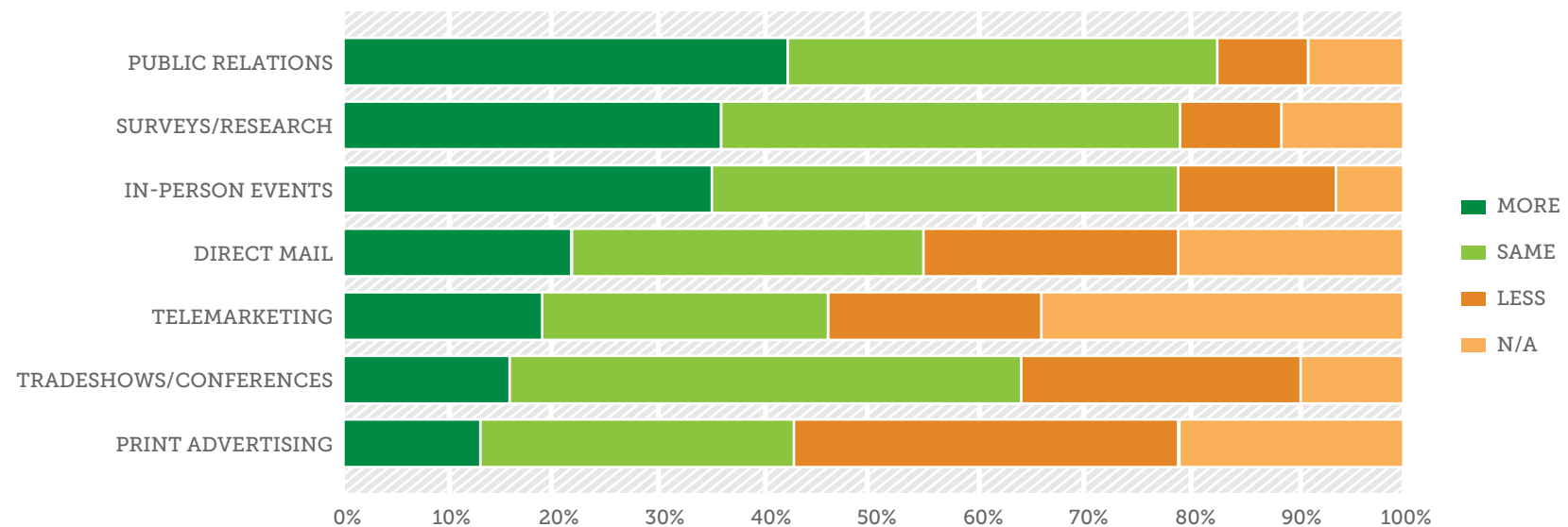


GLOBAL INSIGHT: Increase in revenue (69%) and increase in leads generated (68%) topped the list of marketing objectives accomplished in 2015... they continue to be top objectives in 2016. Regalix, State of B2B Marketing 2016

2.3 Marketing Channels

TRADITIONAL (OFFLINE) MARKETING TACTICS

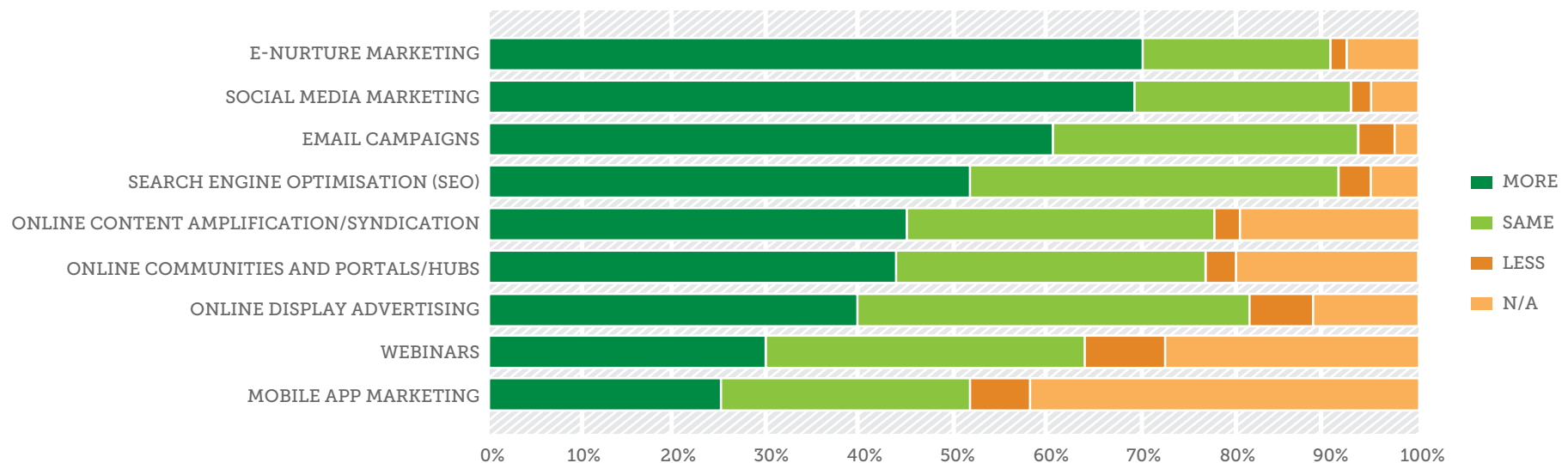
How will you use the following traditional (offline) marketing tactics in 2016 compared to 2015?



2.3 Marketing Channels

DIGITAL MARKETING TACTICS

How will you use the following digital marketing tactics in 2016 compared to 2015?

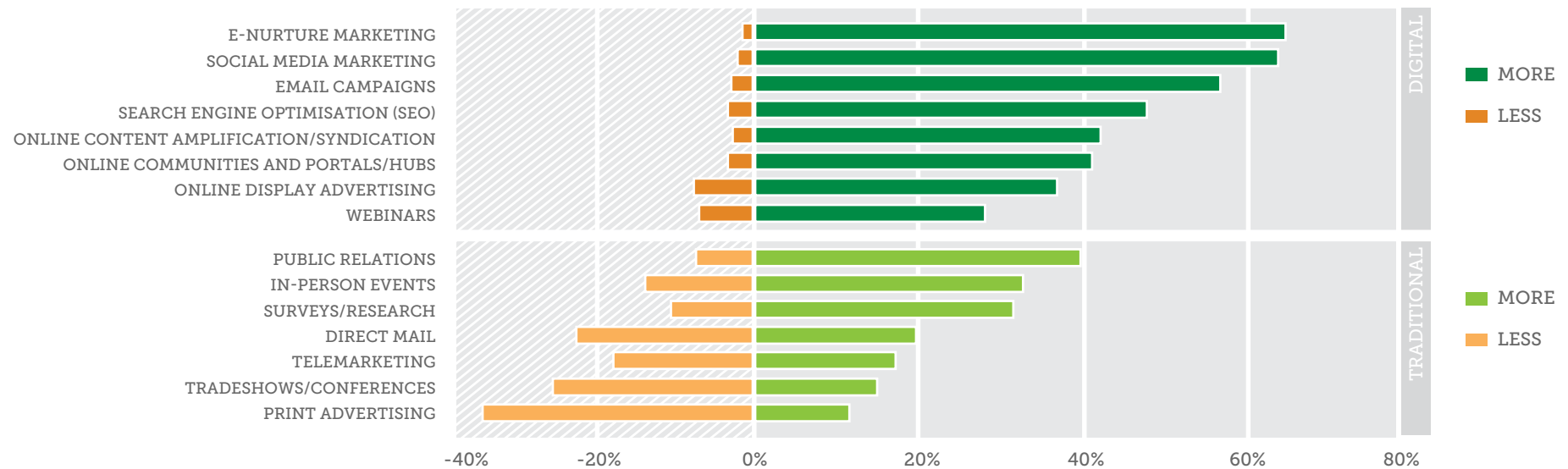


GLOBAL INSIGHT: Digital marketing has gone mainstream; 98% of marketers affirm that offline and online marketing are merging. A third say digital techniques are fully incorporated into their marketing operation. Gartner, 2015-2016 CMO Spend Survey, November 2015

2.3 Marketing Channels

DIGITAL VERSUS TRADITIONAL MARKETING TRENDS

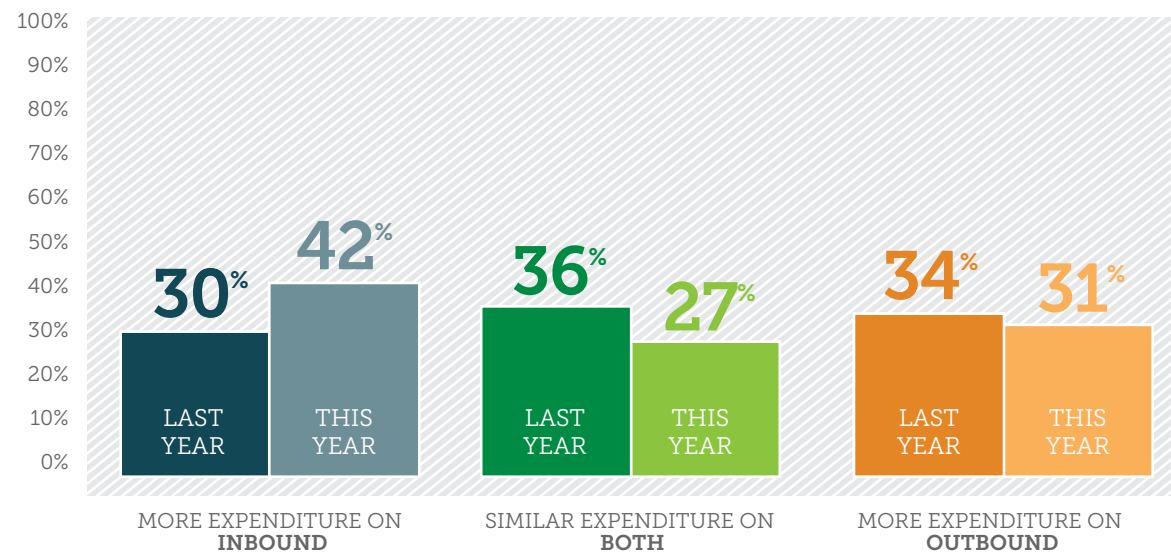
This graph provides a comparative snapshot of trends in traditional and digital marketing, based on our respondents' intentions for 2016.



2.3 Marketing Channels

INBOUND VERSUS OUTBOUND

In comparing Inbound (pull) versus Outbound (push) tactics, how did/will you spend your marketing budget?

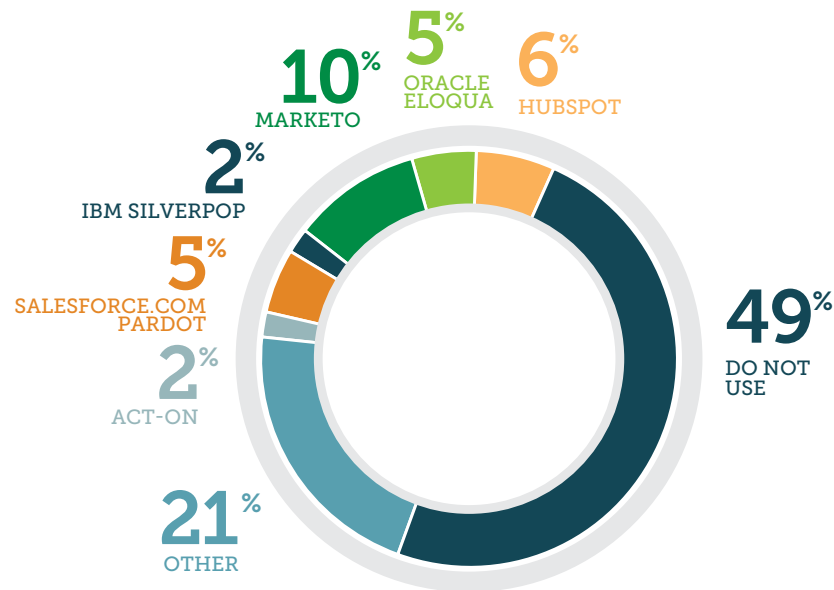


2.4 Marketing Automation

For the purposes of this research, we define Marketing Automation as the use of software and web-based services to generate, track, nurture, manage and score leads as well as execute repetitive campaign tasks. It does not refer to simple bulk email blast technology.

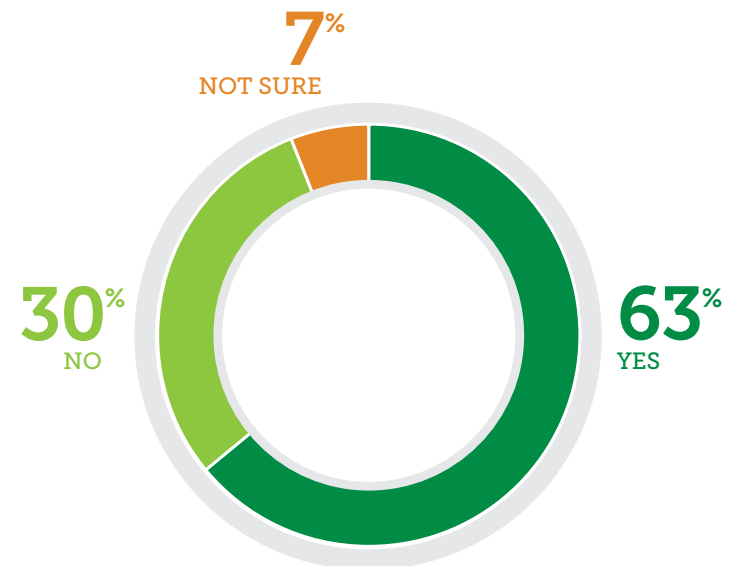
MARKETING AUTOMATION ADOPTION

Which Marketing Automation Platform do you use?



CRM INTEGRATION

Is your Marketing Automation Platform integrated with your CRM?



Base: Marketing Automation users

TOP PLATFORMS



SMALL BUSINESSES (<\$25M)

MARKETO 7% | HUBSPOT 6% | PARDOT 4%



MID-SIZE BUSINESSES (\$25-\$499M)

MARKETO 14% | HUBSPOT 7% | ELOQUA 6%



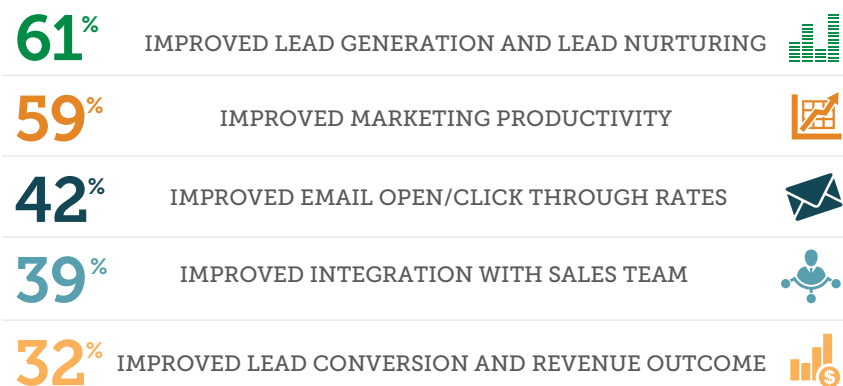
LARGE BUSINESSES (\$500M+)

MARKETO 15% | ELOQUA 13% | PARDOT 9%

2.4 Marketing Automation

MARKETING AUTOMATION BENEFITS

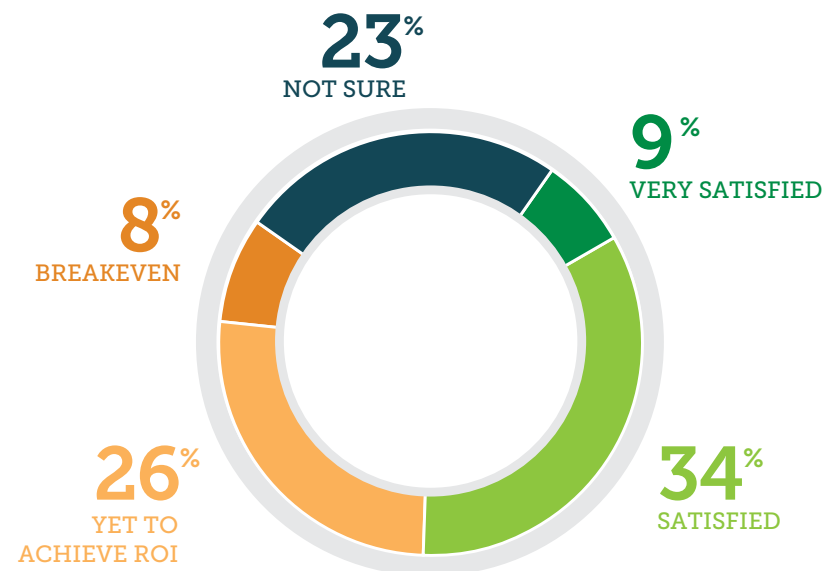
How do you benefit from Marketing Automation?



Base: Marketing Automation users

MARKETING AUTOMATION ROI

How would you rate your ROI from Marketing Automation?



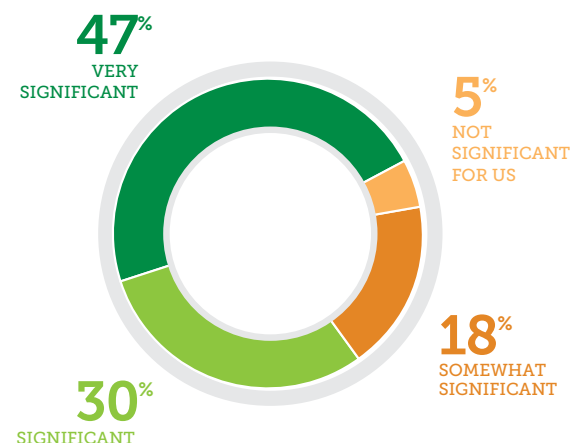
Base: Marketing Automation users

BEST-IN-CLASS: 56% of BICMs are very satisfied or satisfied with their marketing automation investment, compared to only 37% of the rest of respondents.

2.5 Content Marketing

SIGNIFICANCE OF CONTENT

How significant is Content Marketing in your B2B marketing?

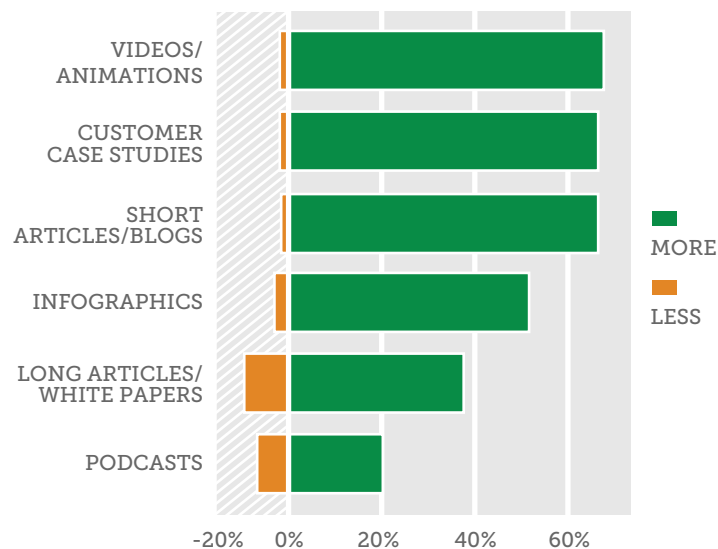


GLOBAL INSIGHT: B2B marketers allocate 28% of their total marketing budget, on average, to content marketing.

Content Marketing Institute/MarketingProfs, B2B Content Marketing Benchmarks, Budgets, and Trends – North America, 2016

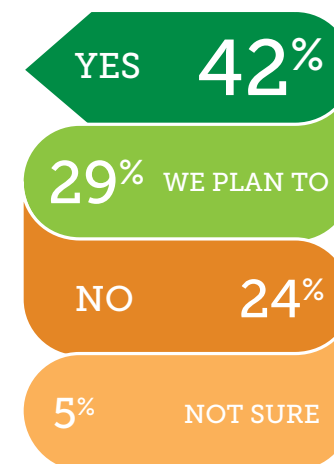
CONTENT TRENDS

How will you use the following content types in 2016 compared to 2015?



TARGETING BUYERS

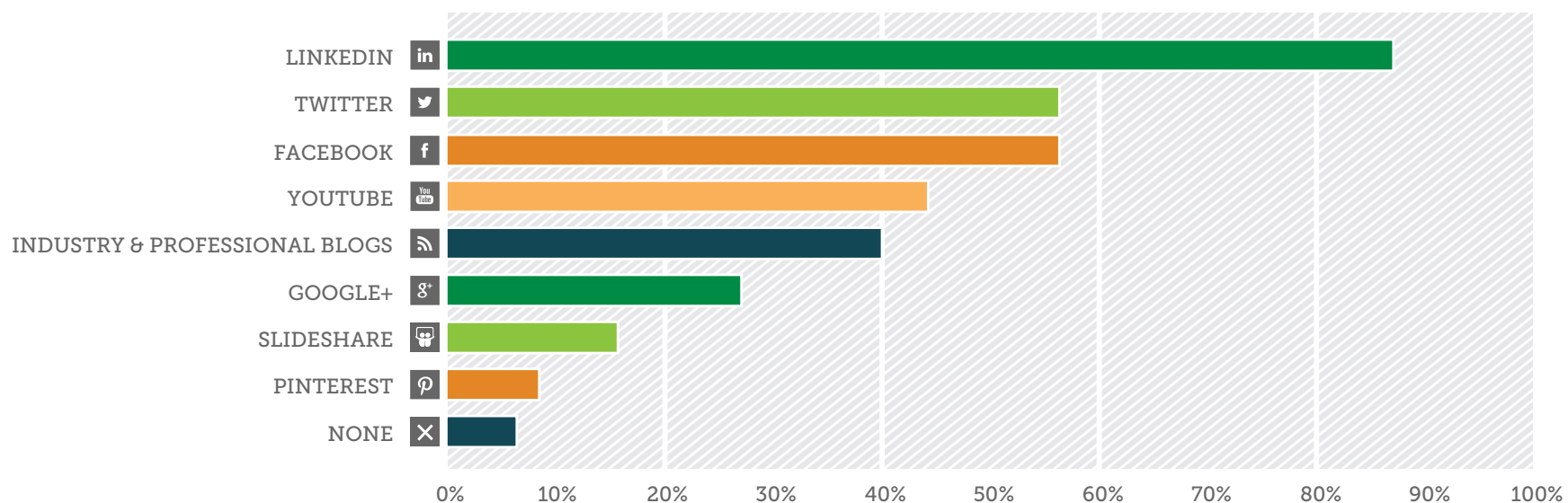
Have you developed personas for buyers in your target market?



2.6 Social Media

SOCIAL MEDIA PLATFORMS

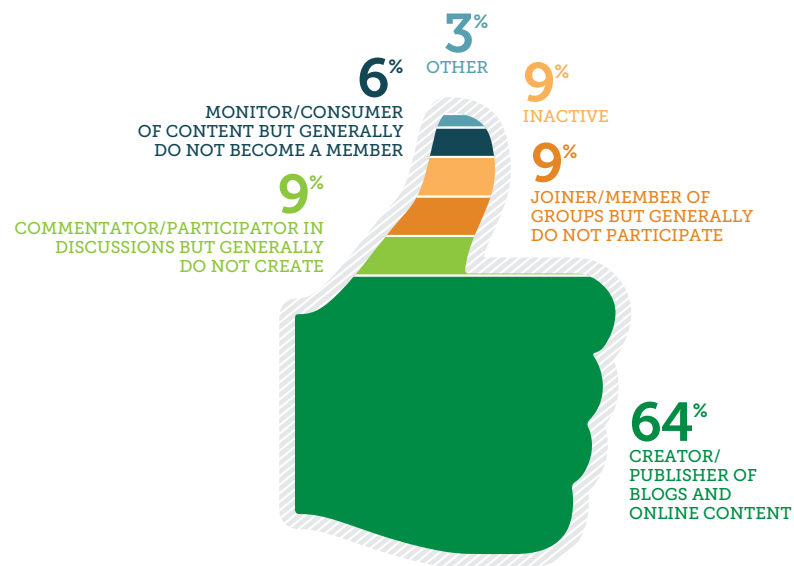
Which of the following platforms does your organisation use as a channel for B2B marketing?



2.6 Social Media

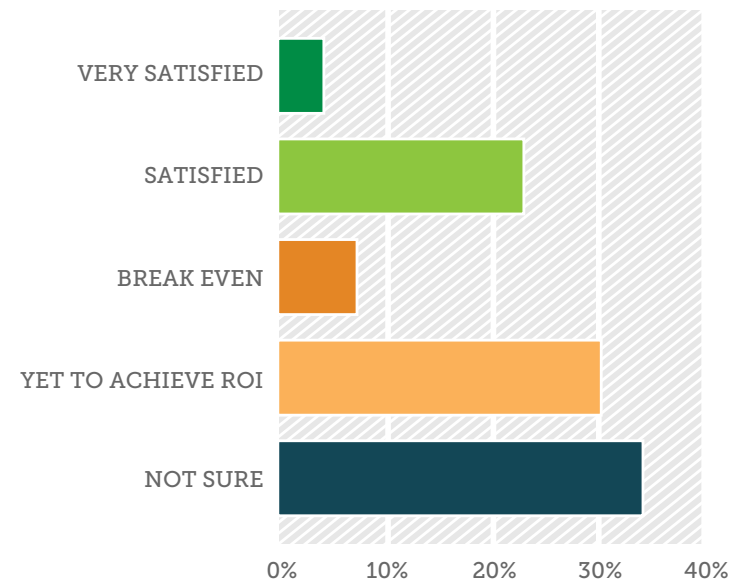
SOCIAL MEDIA INVOLVEMENT

Which of the following best describes your organisation's involvement in social media?



SOCIAL MEDIA ROI

How would you rate your Social Media ROI?

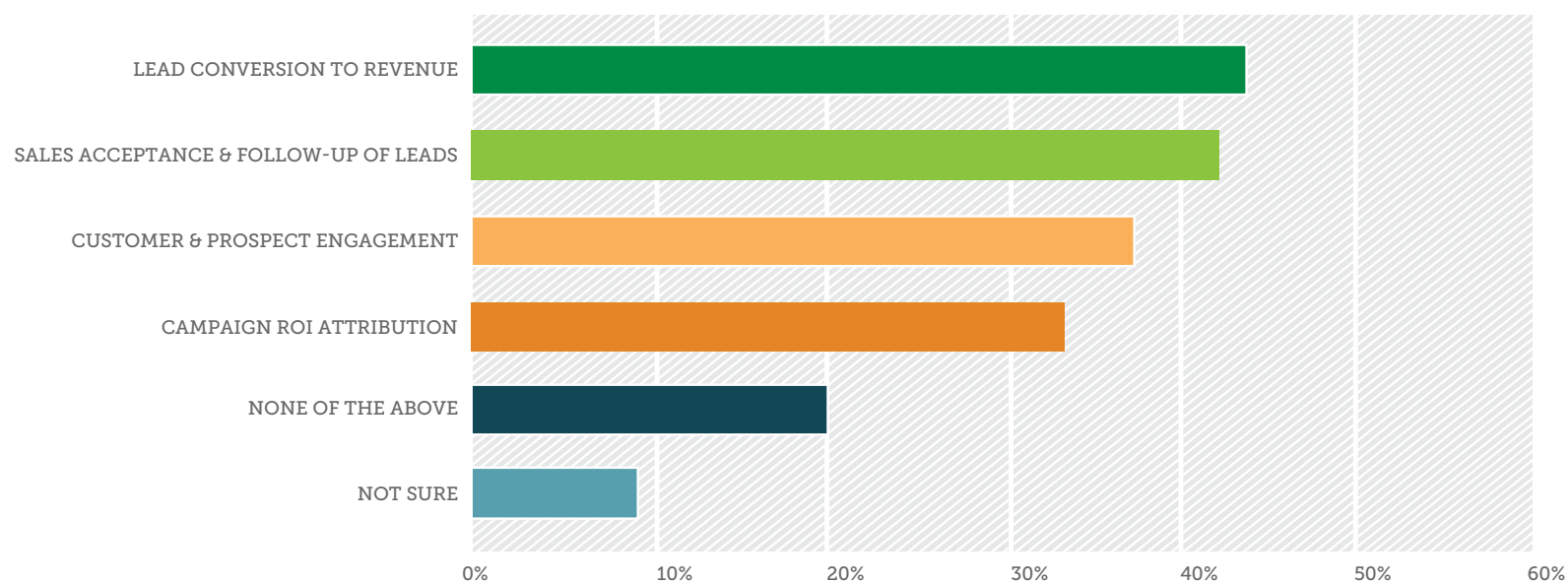


BEST-IN-CLASS: BICMs are twice as likely to be satisfied with their Social Media Marketing (48%) than the rest of respondents (24%). BICMs are also more active as publishers on social media.

2.7 Marketing Budget & Metrics

MEASUREMENT ACCURACY

Which of the following areas do you measure with at least 80% accuracy?



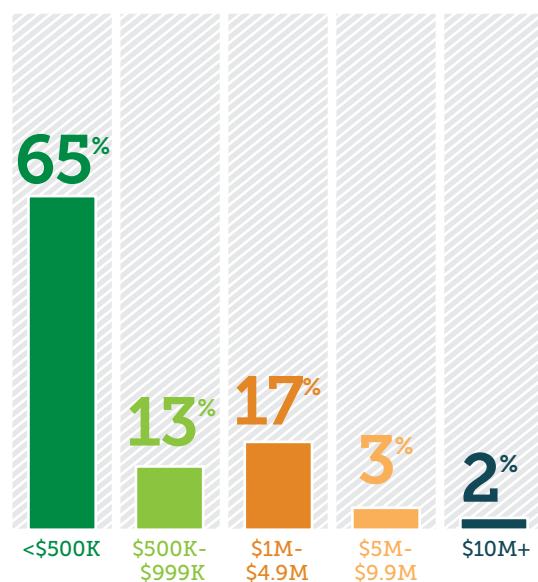
GLOBAL INSIGHT: A quarter of B2B product and a third of B2B service marketers were able to quantify the long-term impact of marketing spend on their business, while 56% of product and 49% of services marketers said they had a good qualitative sense of the impact.

Duke University for Deloitte & American Marketing Association, The CMO Survey, February 2016

2.7 Marketing Budget & Metrics

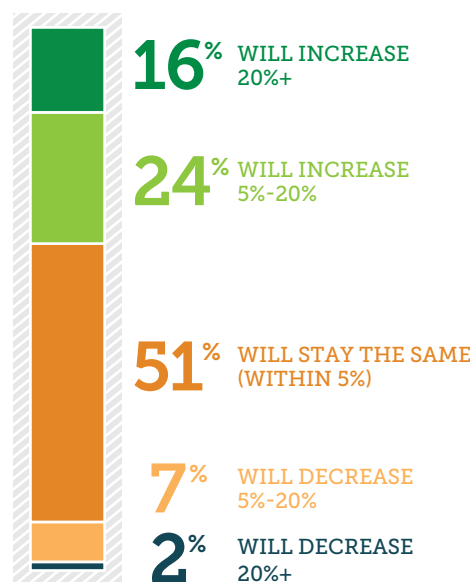
SIZE OF MARKETING BUDGET

What is your planned marketing budget for 2016 (excluding salaries)?



CHANGES IN MARKETING BUDGET

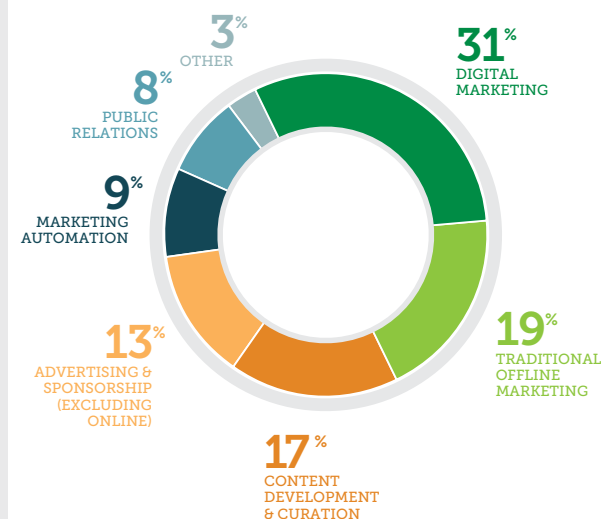
How does your 2016 marketing budget compare to your 2015 budget?



BEST-IN-CLASS: 50% of BICMs reported that their budgets will increase in 2016.

BUDGET ALLOCATION

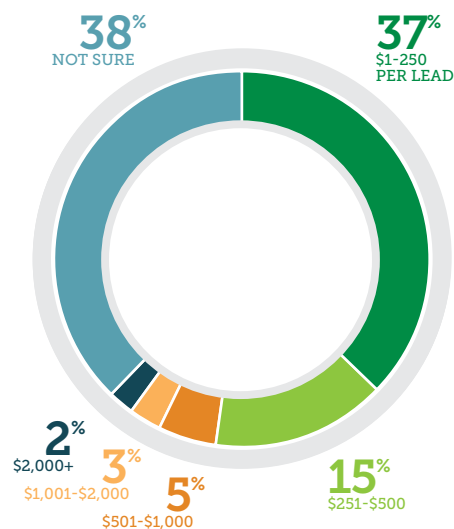
How will you spend your marketing budget in 2016?



2.7 Marketing Budget & Metrics

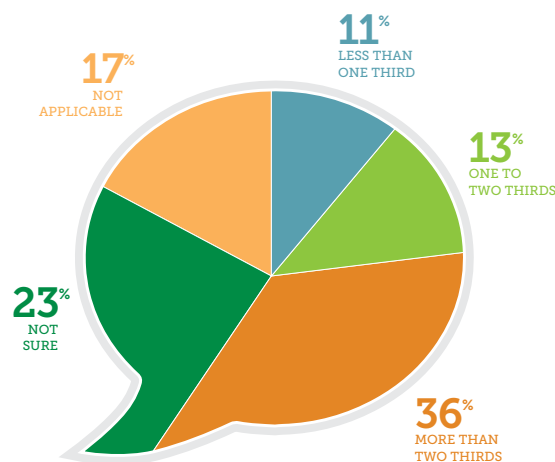
COST PER LEAD

On average, what did it cost you to generate a qualified marketing lead during 2015?



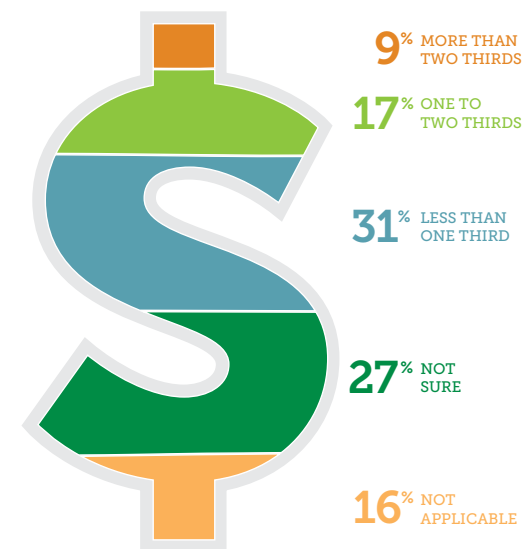
LEAD FOLLOW-UP RATE

What percentage of leads passed from Marketing to Sales are followed up by Sales?



LEAD CONVERSION TO ORDER RATE

What percentage of leads passed from Marketing to Sales convert to orders?



GLOBAL INSIGHT: 75% of B2B product and 65% of B2B service marketers say that Sales and Marketing work together on an equal level.

Duke University for Deloitte & American Marketing Association, The CMO Survey, February 2016

3.1 Research Supporters

This study was conducted by Green Hat with the support of ADMA, Marketing Magazine, B2B Marketing (UK) and B2B Marketing Leaders Forum.



Green Hat is a leading Australian marketing consulting agency dedicated to the B2B sector. We're a diverse bunch – from seasoned corporate consultants through to Gen Y digital die-hards with a wide range of skills, viewpoints and backgrounds. We assist our clients in attracting, engaging and qualifying buyers using data-driven digital marketing strategies.

Our services include B2B strategy development, market research, lead lifecycle marketing including lead generation and lead nurturing, marketing automation, social media, SEO/web services and content marketing. Industries we specialise in are ICT (high-tech), professional services, financial services, industrial and any business dealing in 'complex and considered purchases'.

green-hat.com.au



The Association for data-driven marketing and advertising (ADMA) is the principal industry body for information based marketing and advertising and is the largest marketing and advertising body in Australia with over 600 member organisations. ADMA is the ultimate authority and go-to resource for creative and effective data-driven marketing across all channels and platforms, providing insight, ideas and innovation to advance responsive and enlightened marketing.

adma.com.au

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MEDIA PARTNER



Marketing's goal is simple, and has been for over 30 years: help marketing decision-makers excel. Through print, online and now in 2016 premium content, tools and events, Marketing is evolving to give marketers in businesses large and small gain that extra competitive advantage.

marketingmag.com.au

MEDIA PARTNER



B2B Marketing (UK) is the leading media and professional resource, dedicated to supporting the business marketing sector, both client side and agency. 'Marketing is the business of business', hence, B2B Marketing puts the \$20B global industry within the context of business issues, not just as a marketing channel. The media, community and event platforms provide practical content, shared and branded, professional development and peer-to-peer engagement.

b2bmarketing.net

EVENT PARTNER



B2B Marketing experts and CMOs from Mercer, GE, Telstra Business, NAB Business, Cisco, Perpetual and many more will gather in Sydney in May at the B2B Marketing Leaders Forum APAC 2016 to learn about the latest in B2B marketing and share the secrets to their success.

If you're a B2B Marketer, come to this unique forum to take control of your career, inspire your team, benchmark your strategies against the best and take relevant, actionable ideas back to your company. Don't miss this rare opportunity for senior-level networking and ideas exchange.

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