B2B RESEARCH

B2B Marketing



Do you have digital DNA?

In association with:

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INTRODUCTION

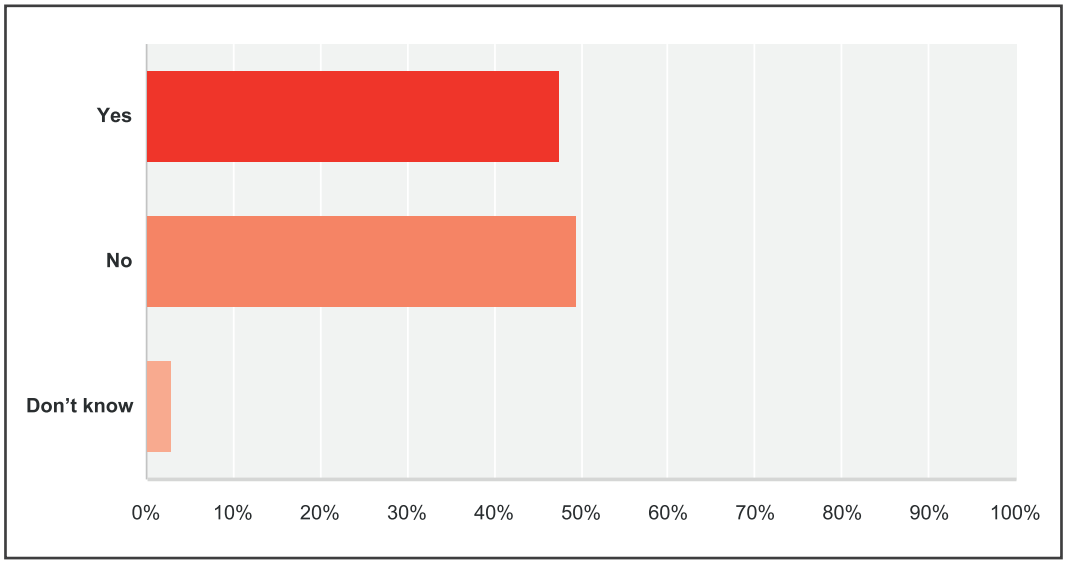
Digital sophistication is now a prerequisite for business success. Alex Aspinall, head of content at B2B Marketing, reports on the progress being made in B2B

Traditionally slow to act, and – in many cases – not particularly regarded as being frontrunners in forward-thinking working practices, B2B organisations have struggled when it comes to learning to operate in an increasingly digital selling environment. In some areas it does feel like a tipping point has been reached, though.

Few people are still questioning how relevant investment in technology is. In most cases the conversation has moved on. But how are B2B brands juggling the challenges and opportunities associated with digital? Has lip service turned into action? And where are the successes and shortcomings manifesting in 2015?

We joined forces with Fusionworkshop and Sitecore UK to garner a snapshot of how well B2B marketers think they, their bosses, and the organisations they represent are doing with digital. Our research aimed to uncover the underlying issues limiting digital success, from tech adoption and cultural shifts, through to identifying just how much money organisations are generating as a result of the investments they are making in technology. The results offer reasons for optimism. But these do not come without their accompanying causes for concern.

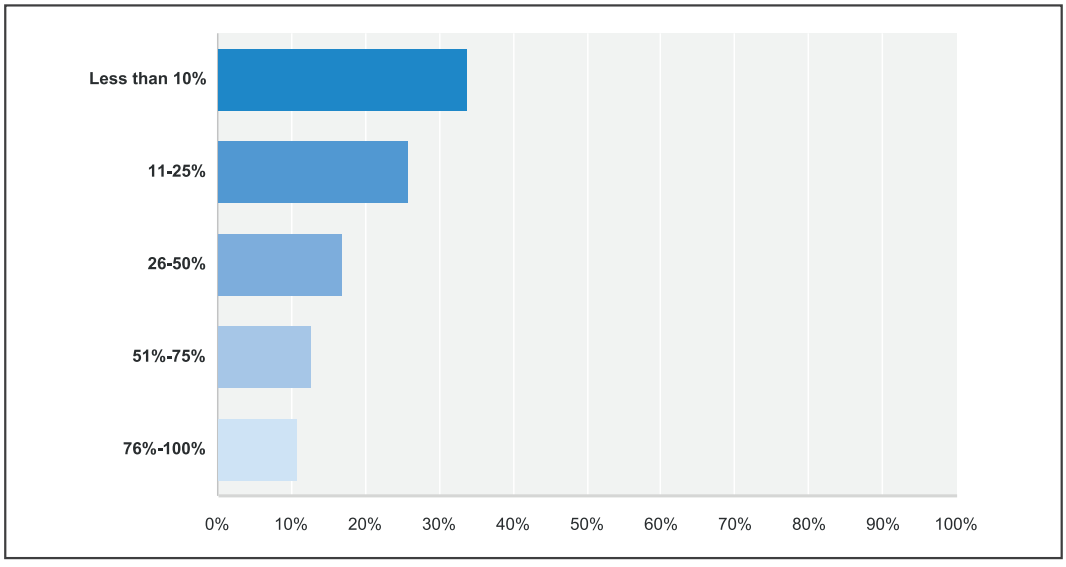
DIGITAL HAS ARRIVED



Would you describe your organisation as a 'digital business'?

The tipping point mentioned previously is noticeable time and again throughout this report. Indeed, a very neat numerical coincidence right at the beginning of the research survey shows that almost as many respondents opted to describe their business as a 'digital business' as those that didn't. Ignoring the three per cent that 'didn't know,' 48 per cent of our respondents chose to describe their business as being 'digital,' while 49 per cent said they wouldn't describe their organisation as 'digital'. This is interesting for two reasons. It's telling that pretty much half of the businesses out there in B2B land have evolved their selling and marketing models to the extent that they describe themselves in this way. The statistic also provides a very useful question to frame the rest of the analysis for the research. What does a 'digital' B2B business look like?

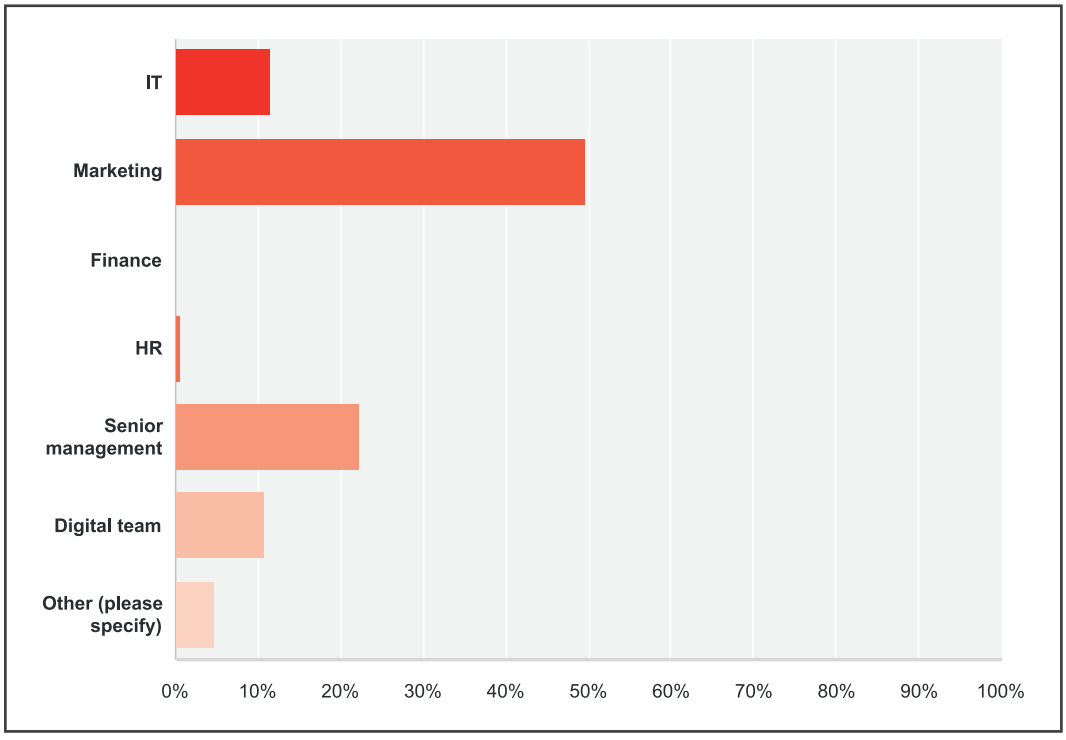
What percentage of your sales revenue can be identified as coming from digital channels?



Sales underpin most businesses; defining success and facilitating growth. So we could look to define a digital business as being one that secures its revenues from digital channels. But our research suggests that this isn't how most people were thinking. Only 24 per cent of our respondents claimed to be securing more than half of their revenue from digital channels. This means just over three-quarters are still securing the majority of their revenue through 'traditional' channels that rely on human interaction, telephones and pieces of paper. These figures do represent advancement, though. And perhaps even something to aspire to for some B2B organisations. But being a digital business involves more than this. We're looking for a commitment to digital that stretches right across the company. In order to make the most of the opportunities open to B2B organisations, digital needs to be positioned as a priority across the company. It needs to be a central component of deciding how to do business

And when it comes to displaying and leading this commitment, the marketing department is right up there with the leading proponents of digital business practices. Though we have to caveat these results by acknowledging that marketers were providing the responses here, two questions in our survey delivered responses serving to highlight the marketing department's central role in digital considerations within B2B organisations.

Which department is most commonly responsible for championing tech and digital adoption in your organisation?



When asked to reflect on which department was most likely to champion tech and digital adoption within the respondent's organisation, 50 per cent selected 'marketing'. The second most-selected option was 'senior management' (highlighted by 22 per cent). IT and dedicated 'digital teams' were almost tied for third place, selected by 12 and 11 per cent respectively. When asked to reflect on whether digital investment decisions were more critical in their role now compared to five years ago, a huge majority of 84 per cent said that they were. Only 11 per cent said they definitely weren't.

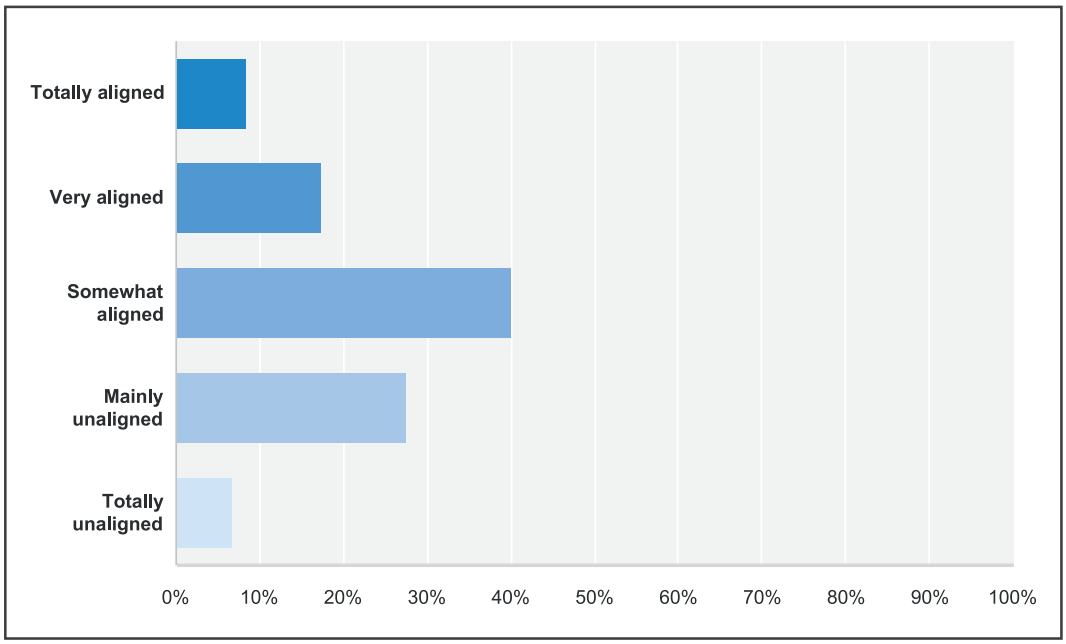
Further evidence emphasising marketing's close involvement with digital concerns surfaced when respondents were asked to select from a series of sentences to find one that best described their organisation's approach to digital technology and techniques as they applied to wider business goals. Encouragingly, thirty-seven per cent reported that 'digital was placed at the heart of their business' objectives and activities'. However, a similar 35 per cent stated that 'digital is the responsibility of the marketing team only'.

While this all lends weight to the arguments presented by those eager to highlight marketing's central importance in the modern business world, it also sets off wider alarm bells. With one department solely responsible for digital development, wider business success will be limited. Marketing may be leading the way but it needs to make sure everyone else is up for the ride.

CHALLENGES REMAIN

A lack of inter-departmental alignment can hinder attempts to adopt digital best practice. While ever certain, more forward thinking, departments are moving and working in ways not understood by the rest of the organisation, meaningful advancement will be difficult. Digital transformation and alignment is as much about cultural shift as it is technology. Indeed, encouraging people to think and work differently is often more difficult than learning how to use new tech solutions.

To what extent are different departments in your organisation digitally aligned?

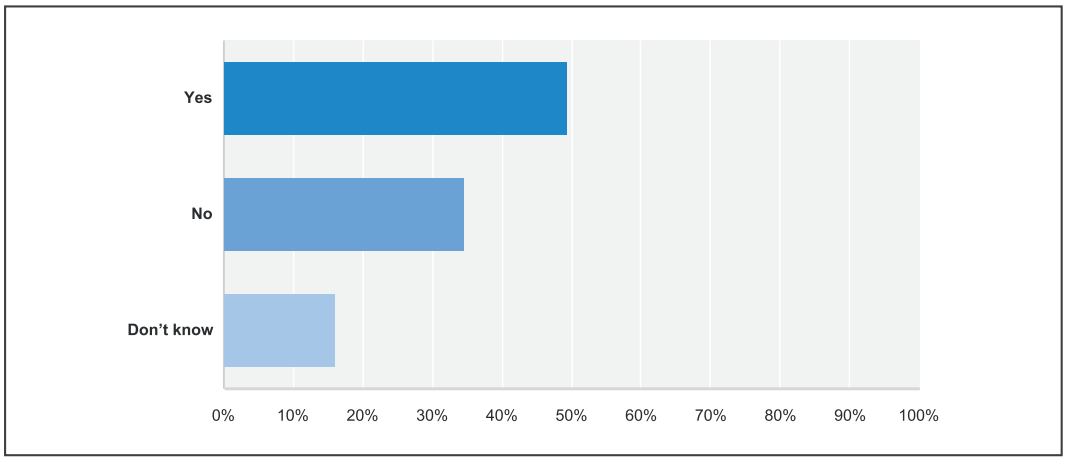


When it comes to alignment, marketers reported that their department was most aligned with sales colleagues (58 per cent rated their alignment with sales as being either four or five out of five). This was followed by an encouragingly close connection to the board (52 per cent) and customer services (39 per cent). Though these statistics will represent hard fought victories in co-operation, the fact that the numbers are relatively low highlights that there's still a great deal to do in terms of alignment.

Where alignment is missing in business, a loss of efficiency and revenue often follow. And, unfortunately, our question on this subject delivered one of the research project's most unequivocal responses. When asked to reflect on whether they believed a lack of flexibility in digital systems and practices had ever negatively impacted on revenue 71 per cent said it had. Eleven per cent said it hadn't, and the remaining 18 didn't know. This stat should serve as a wake up call, particularly for the business leaders ultimately responsible for delivering on revenue and operations targets. A lack of digital sophistication is costing companies across the board, and this money is coming straight from the bottom line.

So what of the senior managers and c-suite executives? Do the marketers represented in this research have faith in their superiors, or are they part of the problem? The answer, of course, varies from company to company but it is possible to spot the wider trend. And it might not make particularly comfortable reading for those making the big decisions around the board table.

Does your organisation's senior management team understand the digital technology landscape?

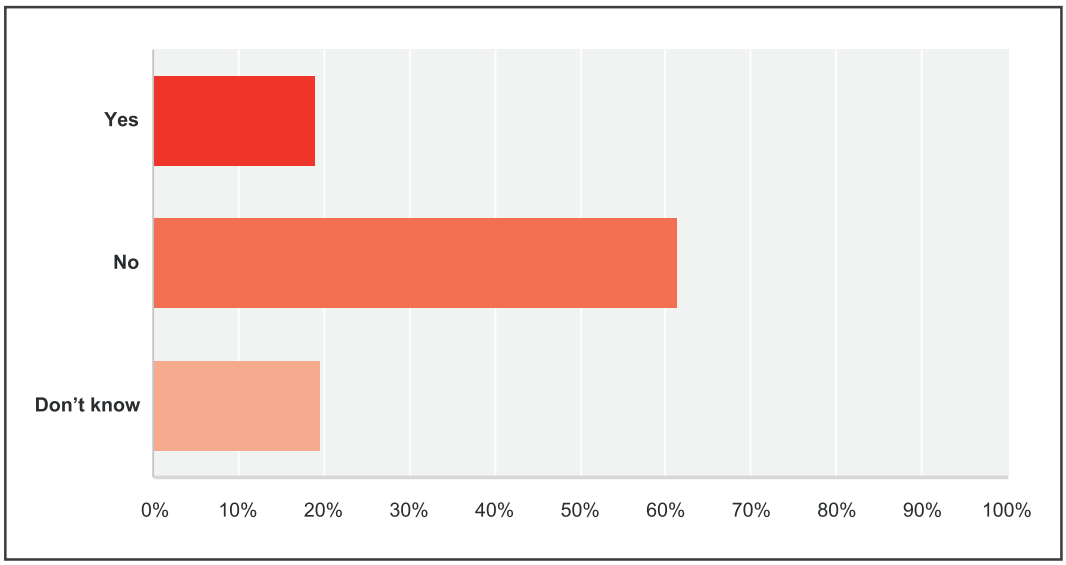


Following on from the deep-rooted appreciation of digital's role that exists within the marketing department, respondents were asked to describe the levels of understanding and commitment that exist further up their organisation's hierarchy. When focusing on their senior managers – so perhaps heads of department, but not those in the c-suite – almost half (49 per cent) reported that this group did have a good understanding of the digital landscape. However, a sizeable 34 per cent said their senior management team did not have a good understanding. And the situation grows worse when the people at the board table are put under the spotlight. Opinion was much more divided here. While a fairly respectable 45 per cent reported that digital was properly represented at board level in their company, a similar 44 per cent stated that it definitely was not.

It's clear that marketers have their work cut out if they are to make the most of the digital opportunities open to them. While senior managers and board members are resistant to investment and/or suffering from a lack of understanding, progress is likely to be difficult. However, if any department has the skillset to win hearts and minds surely it's marketing. With the right evidence of localised success, and by constructing the right business cases, any c-suite member worth their place at the table should be willing to sit up and listen. Marketers should see this as their opportunity to prove to the business how important their contributions can be.

THE PATH FORWARD

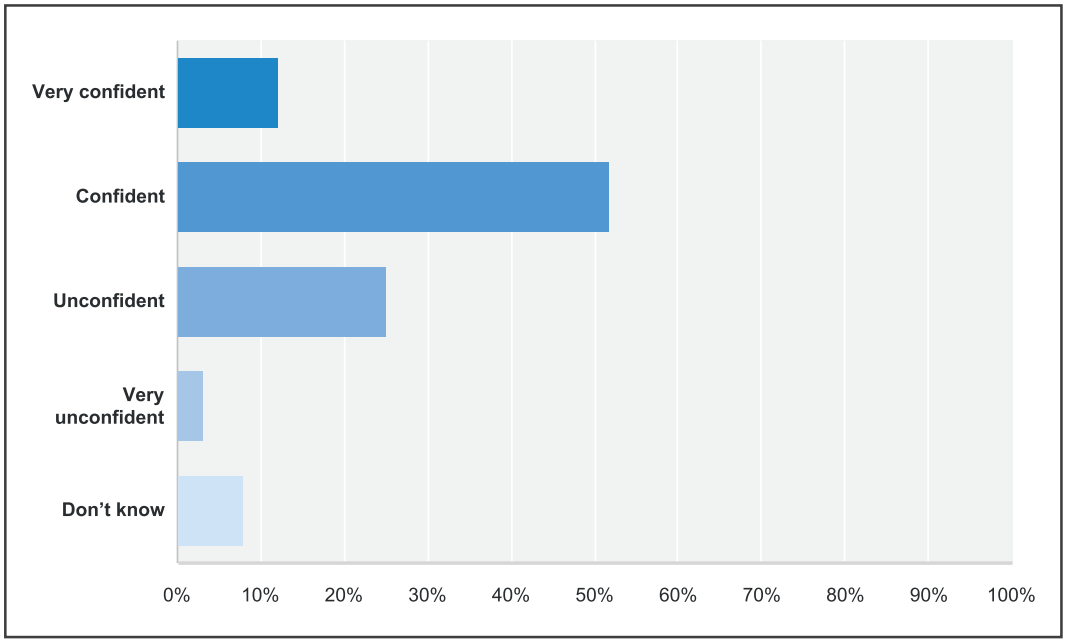
Is your organisation doing enough to succeed in the digital buying environment?



After all, it's not all bad news. Despite the budgetary and cultural challenges implicit within a lack of board-level support, and in spite of the fact that only 19 per cent report that their organisation is currently doing enough to succeed in the digital buying environment, there exists a remarkable level of optimism within the marketing camp.

Perhaps the most comforting thought for anyone likely to be involved in the process of leading or spurring further digital awakening within their organisation is that the image of the old risk-averse B2B dinosaur unwilling to adapt and embrace new ways of doing things seems to have grown extinct in many cases. A pretty optimistic 71 per cent of our respondents stated that their organisation was willing to embrace and respond well to change. While it's fair to highlight that a 'willingness' to embrace change and the knowhow and commitment to make the most out of opportunities aren't always the same thing, the positive message is that this widely held view of adaptability in B2B businesses is reason for celebration. While ever a willingness to change exists, with pressure and proof applied in the right places, the kind of changes we need to see will always be possible.

How confident are you that your organisation is well equipped to deal with the digital and technological demands of the next three years?



With this in mind, it is worth highlighting the impressive level of confidence that exists across the B2B space when it comes to digital. When asked to report on how confident they were that their organisation was well equipped to deal with the technological demands of the coming three years 64 per cent said they were either confident or very confident. And while 28 per cent reflected that they were either unconfident or very unconfident, it's clear to see that the way forward isn't as intimidating as it might be.

Despite the challenges that remain, the level of commitment that exists with regard to digital platforms and working practices, and the benefits they are bringing to businesses, is really encouraging. Marketers are gearing up to invest in the new websites, CRM systems and marketing automation platforms that will facilitate success. And they are in no uncertain terms with regards to how they should be approaching the coming years of change.

When asked to pinpoint one single factor – other than an increased budget – that would be most likely to accelerate their organisation's adoption of digital methods the response that secured more than twice as many selections than any other was 'defining a clear digital business strategy'. For anyone that isn't currently working with one, perhaps the creation of such a document should be priority number one.

Board buy-in key to digital success

By David Rhys Wilton, head of marketing at Fusion Workshop

These findings demonstrate real positives concerning digital strategies, and shows the digital thinkers of an organisation are marketing professionals. As the customer champion, we can articulate the digital vision and create stakeholder buy in. I'm pleased the research shows greater investment planned for insight and experience management platforms that can really embed your organisation's digital DNA.

The findings also reveal insufficient engagement at board level and its consequence: insufficient budget. If we achieve board buy-in the budgets will follow. Our 'how to' guide at the back of this report offers valuable tips on influencing this and links to Sitecore resources to help your digital maturity roadmap.

Finally, I note positive levels of optimisation against sales, however optimisation against engagement objectives could be a better strategy for many. Advanced digital platforms place engagement and behaviour metrics at the heart of your decision-making. Only with them in place can you progress digital DNA and lifetime value objectives.

HOW TO INCREASE YOUR BUSINESS' DIGITAL DNA?

One of the major findings from our recent digital DNA research is that among marketers there is a real appetite for positioning digital at the heart of their organisation. This is not surprising; marketers have long championed digital as essential for understanding and engaging customers to deliver a memorable brand experience. Your customers are becoming increasingly tech savvy, and expect the same from you. The digital world is growing at a faster pace than anything businesses have had to deal with before.



DAVID RHYS WILTON,
HEAD OF MARKETING AT FUSION WORKSHOP

OK, so marketers understand the importance of digital but how do you go about increasing the digital DNA of your business?

Here are some tips:

1. Assess your current digital DNA

This is a good place to start. To assess your business' digital DNA you really need to measure digital maturity. Use a model such as the Sitecore Customer Experience Maturity Model to work out where your business currently sits. The further along the model you are the deeper digital DNA runs through your business.

This model defines digital maturity in three phases.

The Attract phase
This phase is sub divided into the 'Initiate' stage – where organisations have a basic presence on the web, the 'Radiate' stage – where organisations start sharing and distributing content across popular digital channels, and the 'Align' stage – where organisations begin to align digital activities with their strategic objectives.

The Convert phase
This phase is also sub divided into two stages. The 'Optimise' stage describes where organisations optimise their digital initiatives and blend analytics, and the 'Nurture' phase, where organisations nurture long-term relationships with their customers and start using trigger-based dialogue to optimise their engagement.

The Advocate phase
Again, this phase is sub divided into the 'Engage' stage, which means data and infrastructure connecting on and offline interactions are centralised, and the 'Lifetime Customers' phase where intelligence and prediction are used to optimise cross channel customer experience.

2. Quick wins to increase your digital DNA

This is especially important if you think you are in the 'Attract' phase. Your next steps should be optimisation and nurturing. This means considering issues like community management, personalisation, testing and automation, and exploring the possibilities for your business.

- **Testing:** Start off by testing the things that have the most impact on your conversions. Whether these are landing pages, marketing emails or call to actions, start testing now to discover what your audience likes best. A simple A/B split test is the easiest to perform, although a multivariate test (MV) may yield more useful results.

- **Personalisation:** Personalisation comes in all shapes and sizes, and goes a lot deeper than simply addressing your customers by name when you send them an email. Base assumptions on a logic of 'If X, then Y' and you'll be onto a winner. For example, if a customer has searched for 'desk lamp', the website will show them current offers on home lighting.

- **Behavioural response:** Moving on from personalisation, behavioural response to websites is the next step in the process. The foundation to this is profiling, where you define a set of 'personas' for you customers. By tracking which pages they visit, your website can decide which of the personas they are most like, and show them the content that will appeal to them most.

- **Automation:** Automating your marketing communications and aligning them with other customer touch points is a definite goal to have on your radar. In its most simple form, automation can mean sending a predefined email welcome flow to engage new subscribers. You could also look to send engaged customers more incentives and email them more frequently, whereas infrequent visitors can be reactivated with tempting offers.

- **Measurement:** Improving the measurement of success is crucial to ensuring continued investment in your digital initiatives. It is useful to assign each action with a value, related to its importance to your business' overall goals. For instance, a customer who calls to request a meeting is worth a whole lot more than the one who subscribed to your newsletter with their email address. Yet that subscriber is still worth much more to you than a simple website visitor who took no action. By measuring the actual impact of your campaigns rather than trying to count clicks, you can build a much sounder business case for continued growth.

Increasing digital DNA is not necessarily about investing thousands in new systems and processes. There are some things you can simply do better to increase the impact these activities have. By optimising the initiatives that your business is already involved in, you can start to ramp up the impact of your digital campaigns.

3. Get board buy-in

The only way of creating business-wide digital DNA change is with buy-in from the board and HIPPOs (highest paid people in your organisation).

Influencing your HIPPOs can be challenging. But when you frame your case in terms that they understand, you stand more chance of achieving a positive outcome. Remember to use positive ROIs from your quick win actions to help your case.

Your HIPPOs want to hear about getting ahead of the competition, improving customer satisfaction, increasing revenue and saving time, so always frame your ideas and strategies in these terms if you want to secure their buy-in.

The bottom line is that if you don't increase your digital DNA, your competitors will, and you'll find your customers are going elsewhere.

About Fusionworkshop

Fusionworkshop create digital advantage
You need an agency to get you the return on your investment. Delivery is vital when it comes to your brand in the digital space. You need clear communication, the right approach and strategic input. You'll notice an investment in the Sitecore CMS and DMS across the team. And knowledgeable, friendly people would be nice too...

An agency with a proven track record
We are a digital agency that knows where to specialise. We've invested in people, systems and approaches to make sure we deliver back huge value to our customers. Long term customers have come to trust us with their digital strategy and growth.

For more information visit: www.fusionworkshop.co.uk

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About Sitecore

Sitecore is the global leader in customer experience management software. Sitecore delivers highly relevant content and personalized digital experiences that delight audiences, build loyalty and drive revenue.

With Sitecore's Customer Experience Platform, marketers can own the experience of every customer that engages with their brand, across every channel. More than 3,000 of the world's leading brands – including American Express, Carnival Cruise Lines, easyJet, Heineken and Microsoft – trust Sitecore to help them deliver the meaningful interactions that win customers for life.

For more information visit: www.sitecore.net

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About B2B Marketing

B2B Marketing is the comprehensive information resource for B2B marketers. Its mission is to provide practitioners with the information they need to perform better and achieve more, whatever sector of the B2B space they are operating in.

Launched in 2004 as *B2B Marketing* magazine, it has since evolved into a multi-faceted resource, delivering a broad range of content in a variety of different forms and formats. Its key products are:

- Online community
- Magazine
- Awards
- Research
- Reports
- Training
- Events
- Membership

For more information on any of these products or services go to b2bmarketing.net or call +44 (0) 20 7438 1370



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