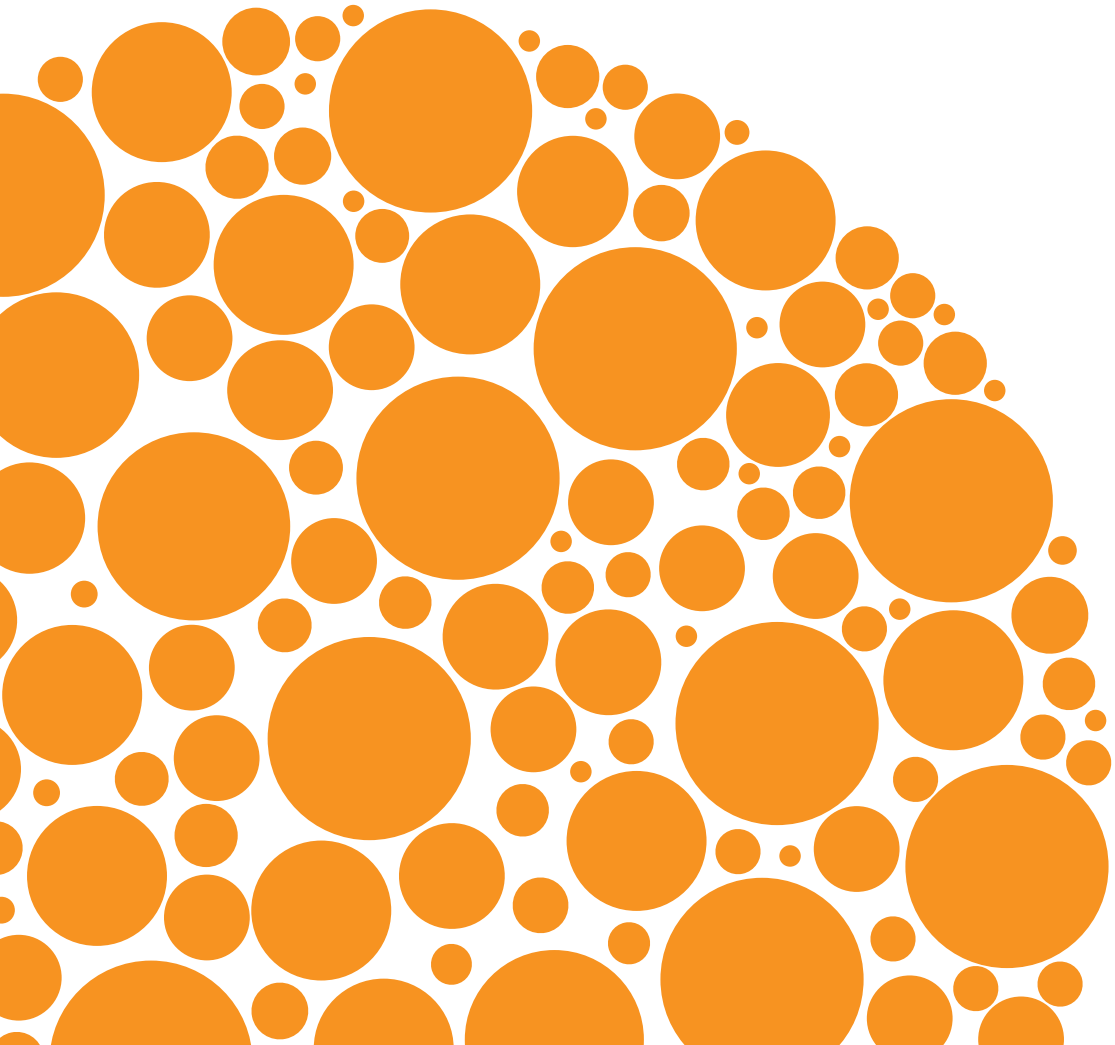
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Revenue Performance Management Report

A B2B Marketing Survey

Published June 2012



B2B Marketing

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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:

Community: The only online resource allowing B2B marketing professionals to share information on their industry. B2B Marketing is a community where you can learn, share and connect with other marketers to help better achieve your objectives.

The site also holds a huge archive of content focusing on every conceivable aspect of B2B marketing and includes various opportunities for online interaction and learning, such as a best practice webcast programme and an interactive online directory for supplier sourcing.

Magazine: The essential monthly guide to B2B marketing, with a key focus on best practice guidance, plus monthly features looking at current trends, regular research and profiles.

Awards: The showpiece event for brands and practitioners, attracting over 700 people. Former winners include a host of top-tier B2B brands, including Cisco, Dell, Fujitsu, IBM, KPMG, Nokia, O2, Oracle, Orange, SAP, Thomson Reuters, Vauxhall UK, and many more.

Training and events: Highly focused seminars and training sessions aimed at helping marketers hear and learn first hand from the experts in order to hone their skills.

Membership: Become a member and receive all research and reports for free. You will also receive exclusive invites to members-only networking events, get discounts on training seminars, workshops and conferences and receive a subscription to the monthly magazine. There are different levels of membership available so please call +44 20 7269 6592 to find out more.

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SPONSOR'S COMMENT

RPM – the most important business concept of the decade

Revenue performance management (RPM) is set to become one of the most important business concepts to emerge this decade. RPM is rapidly becoming the new mindset and de-facto strategy to maximise revenue, and empower organisations to better engage customers across the entire revenue cycle.

The evolution of marketing automation into RPM is perhaps the single most important step in accelerating revenues for your organisation. For the first time in modern management history, marketing can truly track and maximise ROI for an organisation, and have a powerful, direct impact on revenue performance. Thanks to advances in technology, marketers are now equipped with the tools and strategies to transform their revenue processes and realise significant increases in performance and results.

As maturity and engagement in marketing automation increase, we will begin to see true RPM on the frontlines of creating new ways of thinking and creating business excellence in organisations.

So where is that change taking companies now? And how can we harness it to maximise top line results while improving bottom line profitability? The answers lie in how RPM is providing a strategic and operational framework with which companies can rethink, enhance and expand their critical relationships with customers.

We know from this RPM Report, as well as other studies, there is a huge spike in revenues as companies move up the maturity curve from traditional marketing to RPM. Marketing is taking a larger share of the responsibility for pipeline generation, and using lead nurturing and lead scoring to transform revenue performance. As you'll see from these report findings, RPM leaders achieve greater revenue against their plan, and sales reps spend less time prospecting and more of their time actually selling to hot leads.

In other words, companies that are more mature at RPM generate more revenue and achieve faster revenue growth. The more mature, proficient and engaged you are with marketing automation, the more you will be able to drive sophisticated revenue performance for your organisation.

Regardless of where you are on the maturity curve of embracing RPM, you can make a significant impact on your company's revenue performance by generating more pipeline from your marketing efforts, enabling sales teams to spend less time prospecting and more time selling.



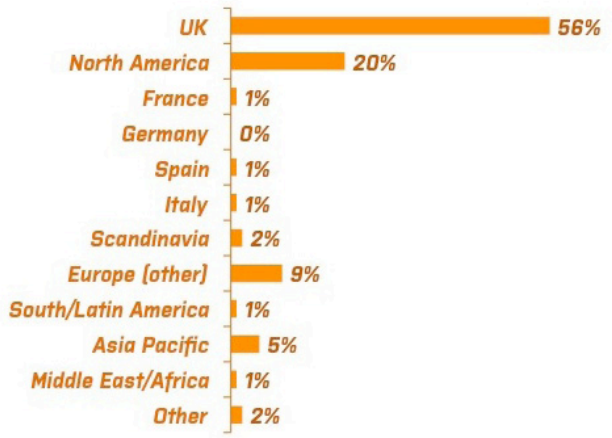
ELIZABETH SMYTH
EMEA MARKETING DIRECTOR
MARKETO

"Companies that are more mature at RPM generate more revenue and achieve faster revenue growth"

SURVEY ANALYSIS

Figure 1. Location of respondents

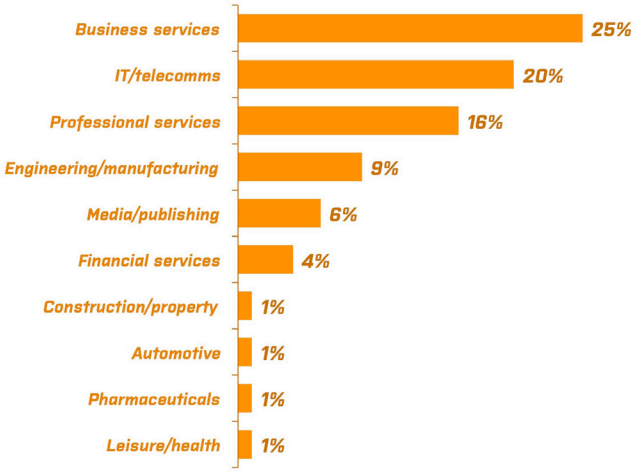
Q: In which of the following regions are you currently based?



Fifty-six per cent of the respondents to this survey were located in the UK, reflecting the origins of B2B Marketing's historic audience. However, one in five were from North America, and 15 per cent from Europe, making this a very global survey.

Figure 2. Business activity of respondents

Q: Which categories best describes the primary sector in which your organisation operates?



The largest sector in terms of the respondent base was 'business services' which is a very broad category and encompasses a wide range of organisations, performing widely diverse functions and activities. IT/telecomms was also strongly represented, predictably, with 20 per cent of the installed base.

Figure 3. Roles of respondents

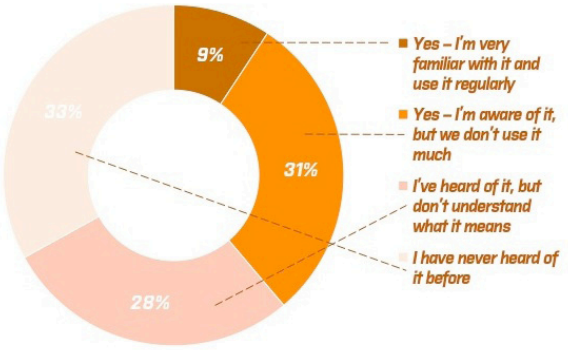
Q: What is your job title?



Respondents to this survey were weighted towards senior and middle-ranking marketers. Just over one third of respondents were marketing managers, who have day-to-day responsibility for management of lead activity, while a similar figure were marketing leaders (either CMOs, VPs, directors or heads of marketing) who are more responsible for setting revenue strategy, and are obviously more influential across the organisation. Only 12 per cent of respondents were marketing executives.

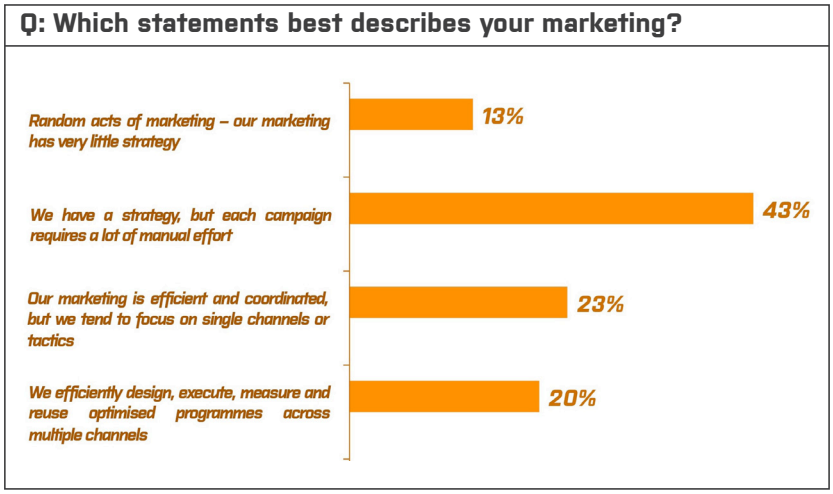
Figure 4. Awareness of the term RPM

Q: Are you familiar with the term revenue performance management?



Despite the best efforts of vendors, the level of both recognition of and (more significantly) alignment with revenue performance management remains fairly limited. Less than 30 per cent of respondents either use it regularly or are aware of it. While this is unlikely to directly correlate with the level of sophistication of B2B marketers sales integration and enablement, it does suggest that many are some way behind the latest thinking on this potentially key subject.

Figure 5. Marketing strategy



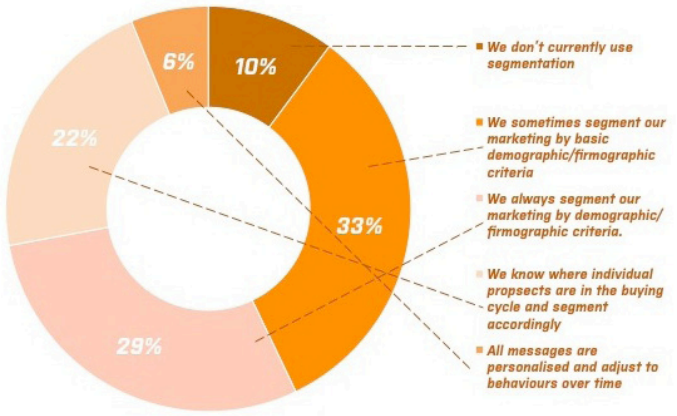
This question was designed to determine the level of sophistication of respondents' marketing activities, and their use of strategy or lack of it. Each response indicates a different level of sophistication, with the first 'random acts of marketing' indicating the most basic type of marketing, which is very tactical and relatively uncoordinated.

A relatively small minority (13 per cent of respondents) selected this option, while the largest group – 43 per cent – selected the second option, which indicates a limited amount of strategy, but a relatively low level of technology to assist with the efficient delivery of campaigns.

One in five marketers have achieved the highest level of strategic alignment of their activities. Clearly there is significant room for improvement by marketers, and consequently many brands may be failing to leverage the maximum potential from their marketing budget.

Figure 6. Level of segmentation

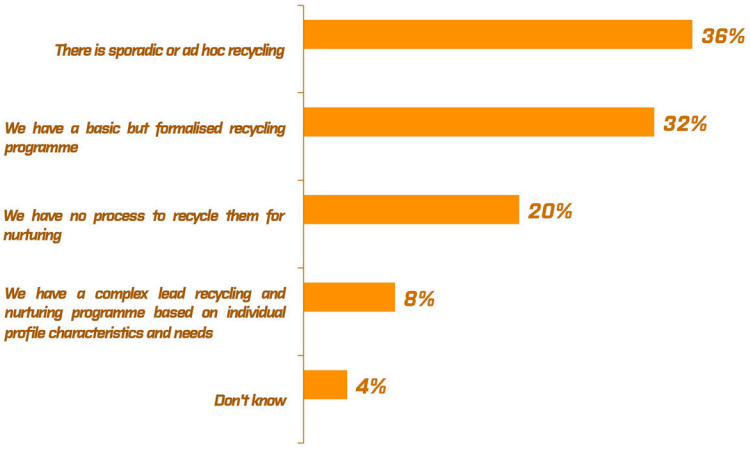
Q: How well targeted would you say your marketing is?



Bearing in mind the relative lack of sophistication of respondents in terms of their understanding of RPM terminology, the response to this question regarding targeting may be seen as quite surprising. Over 55 per cent of respondents had a fairly sophisticated attitude to segmentation and targeting, with only 10 per cent completely failing to use it altogether. However, the most advanced level was only attained by six per cent – showing that most respondents have a long way to go and much room for improvement in this area.

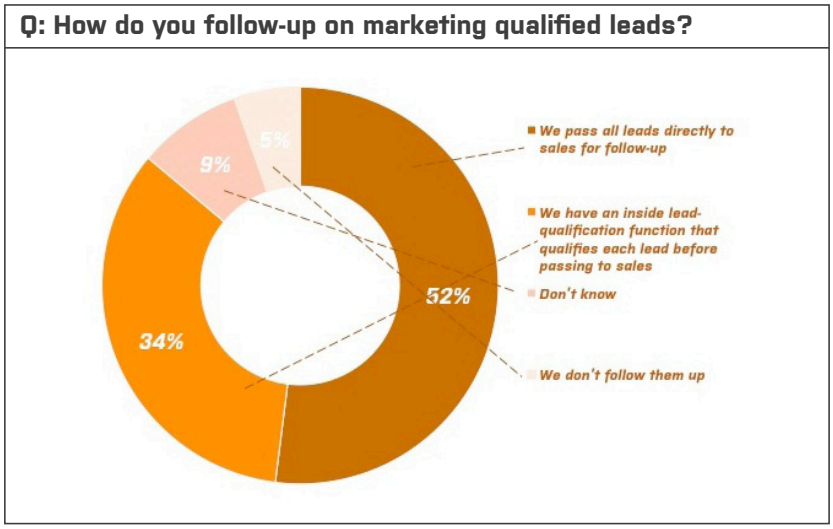
Figure 7. Processes for lead recycling

Q: What do you do with leads that are not sales-ready?



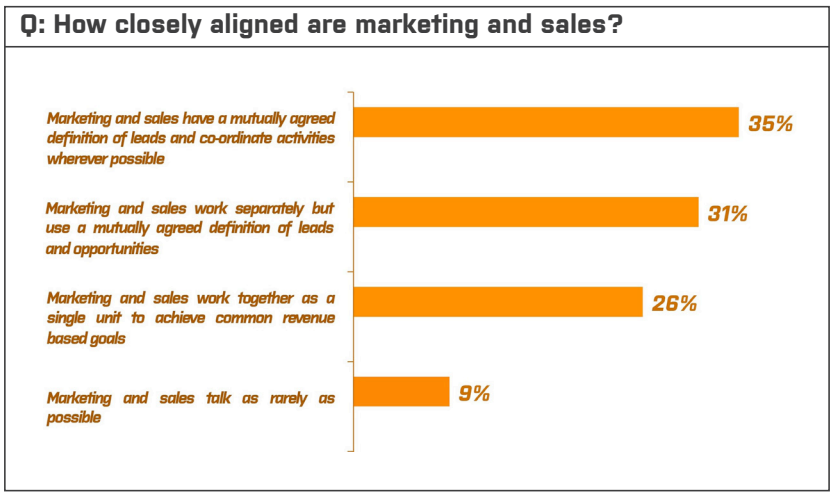
Processes for the recycling of non-marketing qualified leads was shown to be pretty basic, with less than 10 per cent having a full programme for the recycling and nurturing of leads that do not meet the handover criteria. One in five have no process for the recycling of leads, suggesting those sales that fail to convert are lost, as is any revenue.

Figure 8. Follow-up on sales-ready leads



The majority of companies (52 per cent) simply pass new leads directly to sales for conversion, according to the results, with no validation or checking by marketing first. Only one third of respondents have a qualification function that qualifies each lead before passing it over to sales. This suggests that many sales teams may be wasting time chasing leads that are not ready for conversion, and consequently they may be functioning inefficiently.

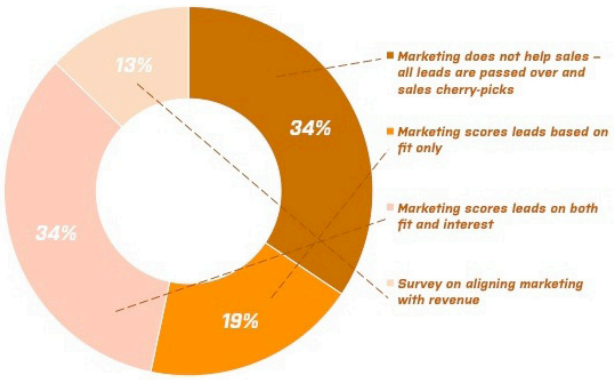
Figure 9. Sales and marketing alignment



Ninety per cent of respondents have some form of dialogue with the sales function, although at varying levels of sophistication; co-ordinating with one another generally, rather than working specifically together. Only a quarter of marketing departments work together seamlessly with sales, while at the other end of the spectrum, just under 10 per cent of marketers say they talk as rarely as possible to sales.

Figure 10. Identifying hot leads

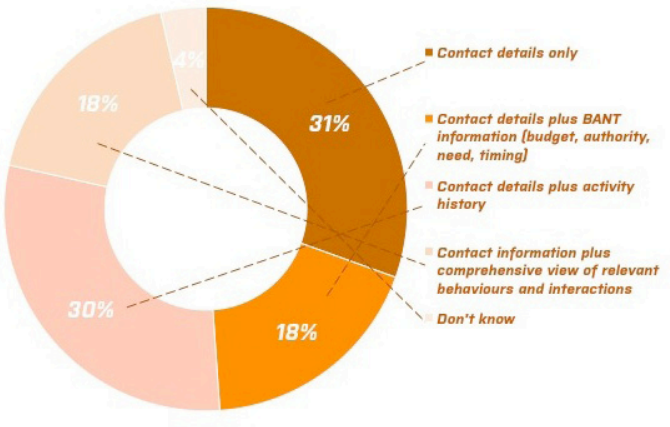
Q: How does marketing help sales to focus on the hottest leads and opportunities?



The extent to which marketing helps sales to identify and focus on the hottest prospects for conversion varies significantly. Just over a third of respondents (34 per cent) say that marketing does not help sales at all in their organisation: sales simply cherry picks what it considers to be the hottest leads from the list. Meanwhile, for a similar percentage of respondents, marketing scores the leads handed over, based on both fit (with specified criteria) and level of interest, potentially significantly increasing the efficiency of sales follow-up and conversion.

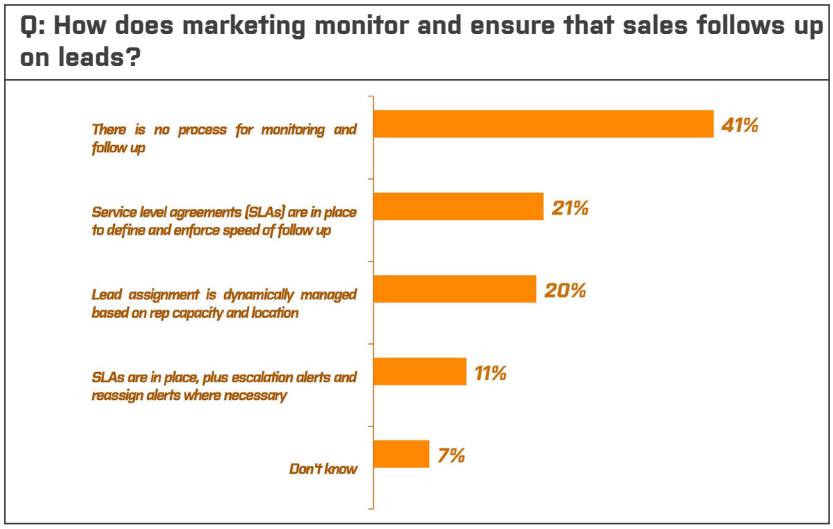
Figure 11. Information sharing

Q: What information does sales receive about each lead passed from marketing?



In terms of the level of information passed on between marketing and sales, less than a third of respondents (31 per cent) only pass on contact details of prospects to sales, with just under 20 per cent passing on comprehensive details of interactions and relevant behaviours – which is the maximum amount of information that could be expected to be provided.

Figure 12. Monitoring follow-up

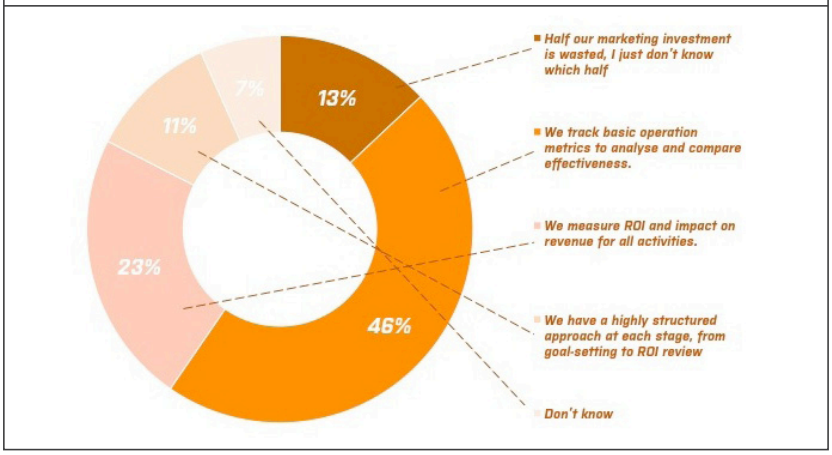


Just over half of respondents (52 per cent) are monitoring leads handed over to sales to ensure they are followed up effectively, with one third (32 per cent) using service level agreements between sales and marketing to monitor this activity.

However, the single largest group of respondents (41 per cent) to this question did not monitor handed over leads at all, while seven per cent did not know whether monitoring took place or not. This underlines the disconnect between sales and marketing in too many companies, with leads seen as one-way traffic, moving from sales and marketing, with limited proviso, feedback or procedures put in place to improve effectiveness and therefore ROI.

Figure 13. ROI strategy

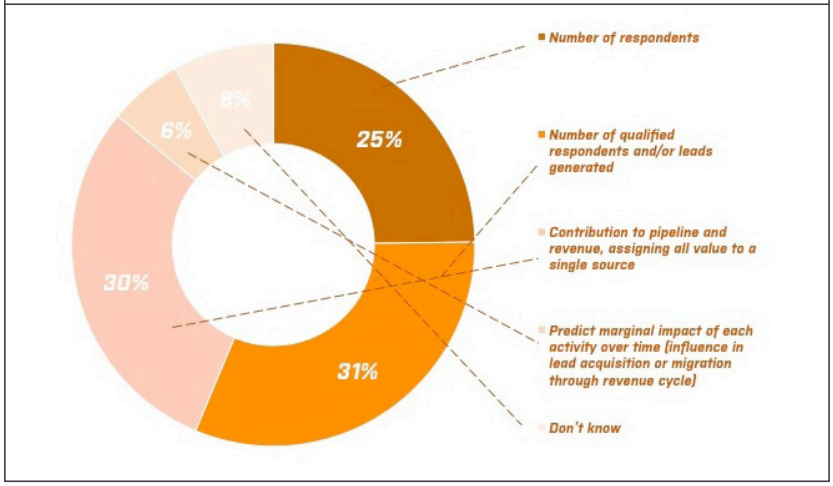
Q: Which of the following statements best describes your organisation's approach to planning for and measuring ROI?



When asked to make general statements about the effectiveness of their marketing and their ability to measure marketing, almost 60 per cent had failed to move beyond the basic level of measurement and analysis. Only one in 10 could claim to have a highly structured approach to each stage, confirming once again the inability of most B2B companies to demonstrate ROI.

Figure 14. ROI on revenue-focused marketing

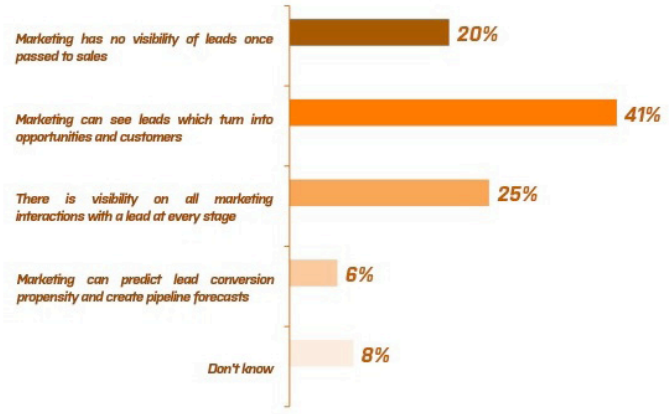
Q: How do you measure the ROI of revenue-focused marketing programmes?



A range of different metrics are being used to demonstrate ROI on revenue-focused marketing programmes, ranging from extremely basic to highly sophisticated, although over 50 per cent are using the more rudimentary options. Only 30 per cent can show contribution to pipeline and revenue, and only six per cent can 'predict the marginal impact of activity over time'. There are significant opportunities for marketers to be more focused on ROI.

Figure 15. Lead lifecycle

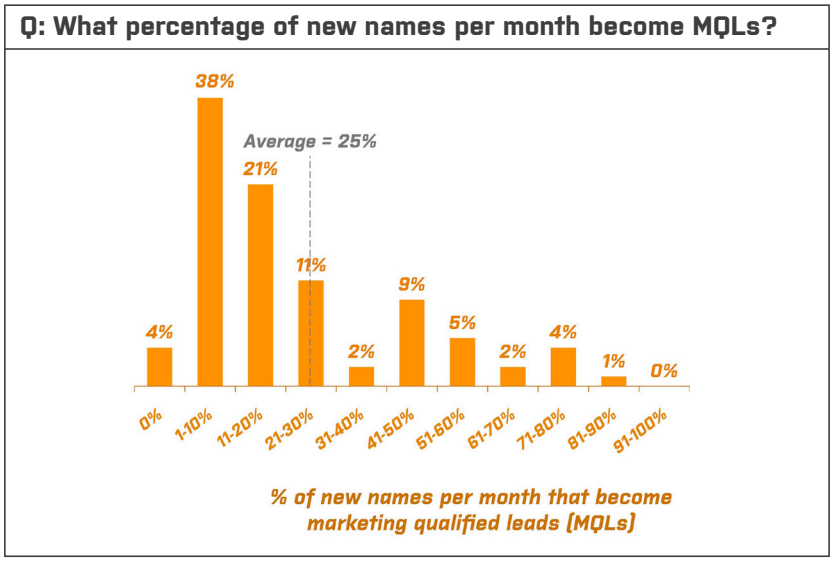
Q: How 'closed-loop' is your lead lifecycle process?



The concept of RPM suggests marketing should have complete visibility, ownership and control over the lead pipeline. However, the failure of respondents to embrace this concept is underlined by the response to this question, with only six per cent of respondents fully able to predict lead conversion propensity and create pipeline forecasts.

The largest group of respondents (41 per cent) can see which leads turn into opportunities, but that does not provide complete transparency over the process and consequently provide marketing with control over the revenue flow.

Figure 16. Leads converted to MQLs

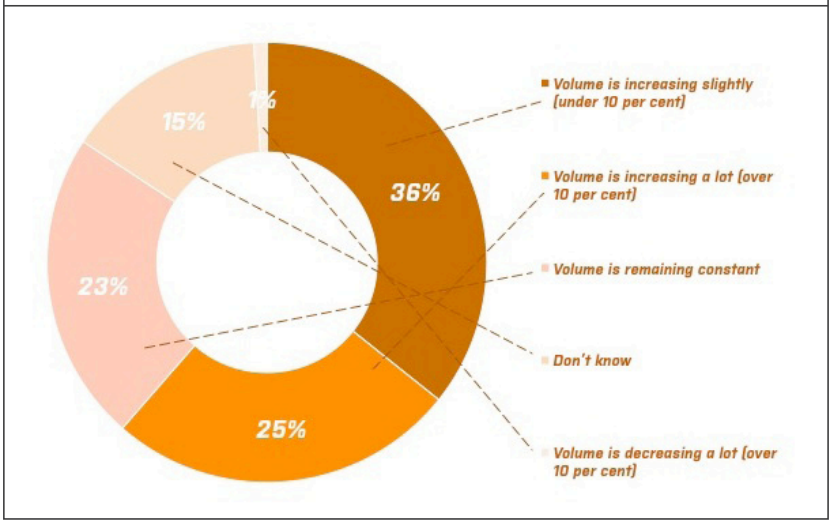


On average, 75 per cent of leads created by marketing are not ready to be passed on to the sales team, according to the result of this question. This confirms the need for processes to nurture those that are not ready towards possible future handover and conversion.

For some companies the percentage of leads that are marketing qualified is less than 10 per cent, which suggests marketing should re-evaluate its qualification criteria with the aim of producing fewer, but better leads. As a consequence, marketing spend may also be reduced.

Figure 17. Lead volumes

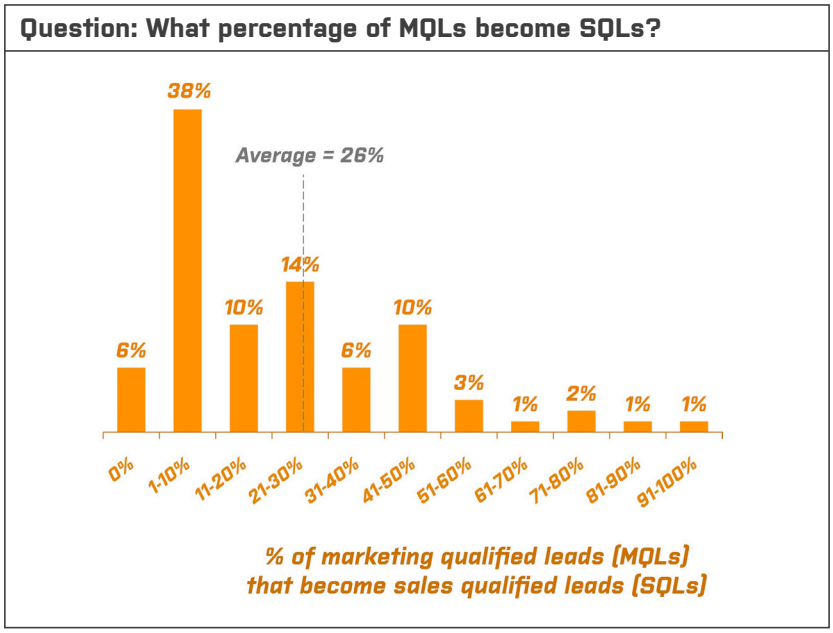
Q: What impact have your activities had on the volume of MQLs you have generated over the last 12 months?



The majority of respondents (61 per cent) have succeeded in increasing the volume of leads they have generated over the last 12 months. Of these, the largest portion (36 per cent) have increased lead volumes by less than 10 per cent, while the remainder (25 per cent) have increased lead volume by more than 10 per cent.

The volume of leads generated has only declined for less than 20 per cent of respondents. Clearly quantity of leads has been a major priority for respondents – however, this is likely to have been at the expense of quality.

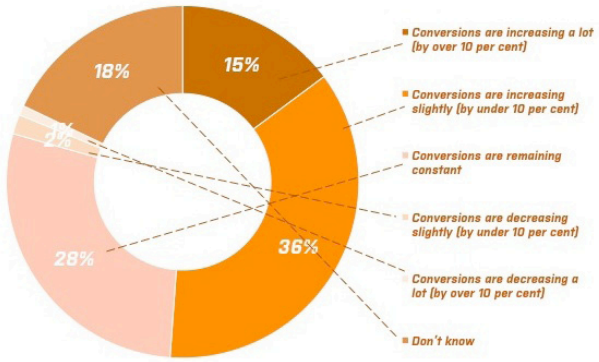
Figure 18. MQLs converted to SQLs



It's an interesting coincidence that just as 25 per cent of all leads generated are ultimately qualified by marketing, of those MQLs, on average a further 25 per cent of leads become sales qualified (SQL). In other words, on average, 75 per cent of the volume of leads drop off at each stage: there is an extremely high level of wastage, suggesting marketers need to put more emphasis on the quality rather than quantity of leads generated.

Figure 19. Lead conversion

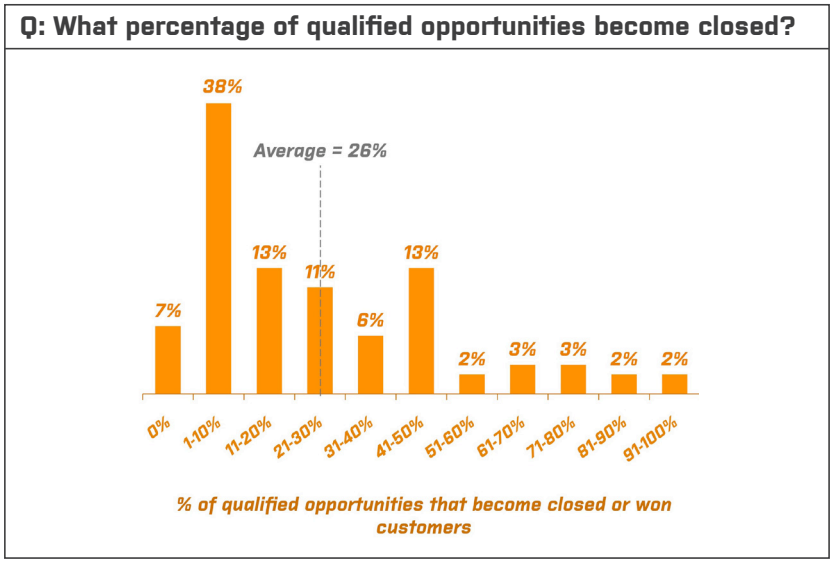
Q: What impact have your activities had on the conversion of leads over the last 12 months?



Just over half of respondents (51 per cent) claim to have succeeded in increasing conversions over the last 12 months, which suggests that these marketers are directly impacting positively on the bottom line.

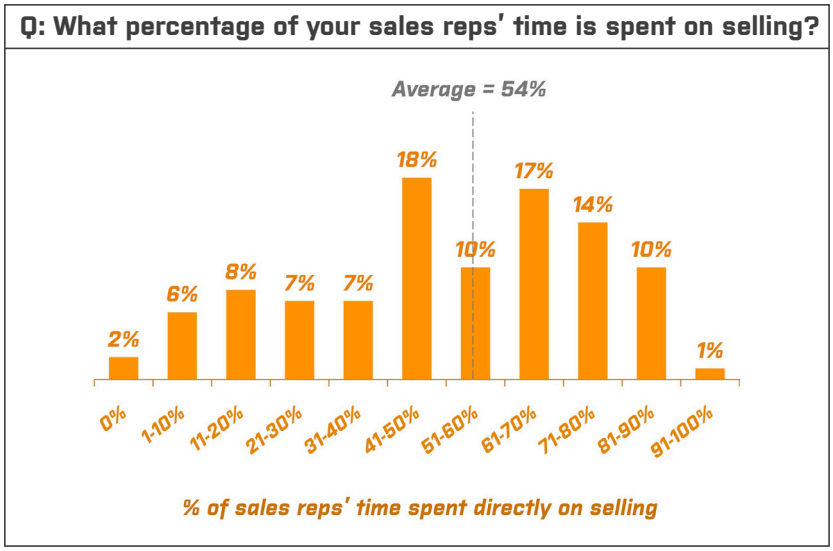
Fifteen per cent of respondents have increased conversions by over 10 per cent, while 36 per cent have increased conversions by up to 10 per cent. Less than five per cent of respondents claim that conversions have decreased over this period, while 18 per cent 'don't know' what has happened to conversion rates.

Figure 20. Percentage of qualified opportunities won



Despite the best efforts of marketers to qualify the leads they are passing over to sales, in order to ensure maximum possible conversion, on average only 25 per cent ultimately result in a sale. This suggests marketing needs to work harder to improve qualification criteria to provide sales with better flow of leads, which will ultimately lead to a higher conversion rate and higher revenues.

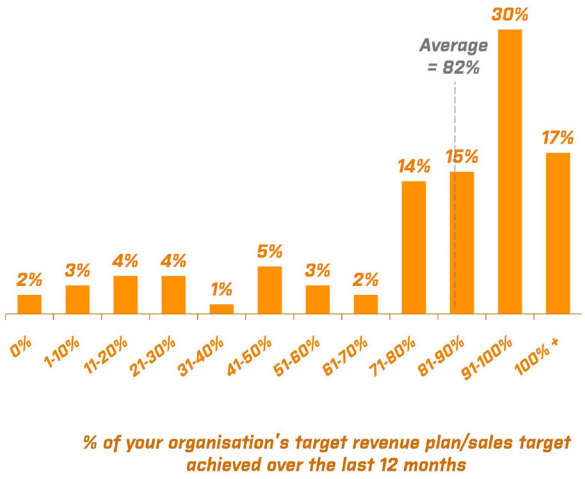
Figure 21. Time sales spends on selling



Sales reps appear, on average, to be fairly inefficient with their time and overburdened with bureaucracy and ancillary tasks, according to respondents. Only 54 per cent of sales execs' time is currently spent on actually selling, meaning that 46 per cent is wasted. This figure could conceivably be reduced by better sales force management and improved communications with marketing.

Figure 22. Target revenue achieved

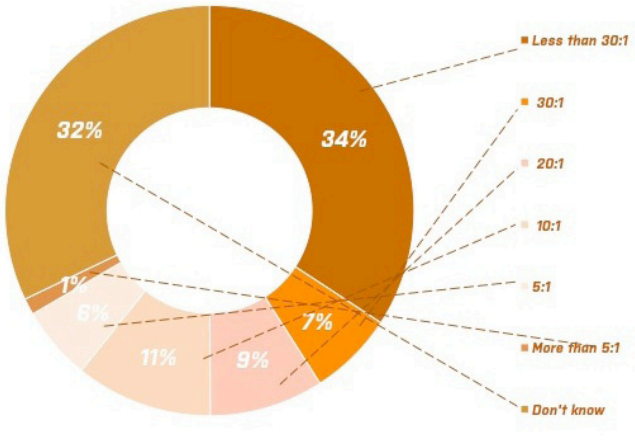
Q: What percentage of your target revenue was achieved in the last 12 months?



On average, respondents achieved 82 per cent of their target revenue or sales plans over the last 12 months. This means that, on average, companies were around 20 per cent down on expected revenues, which must have had significant repercussions for them in terms of remuneration and business planning.

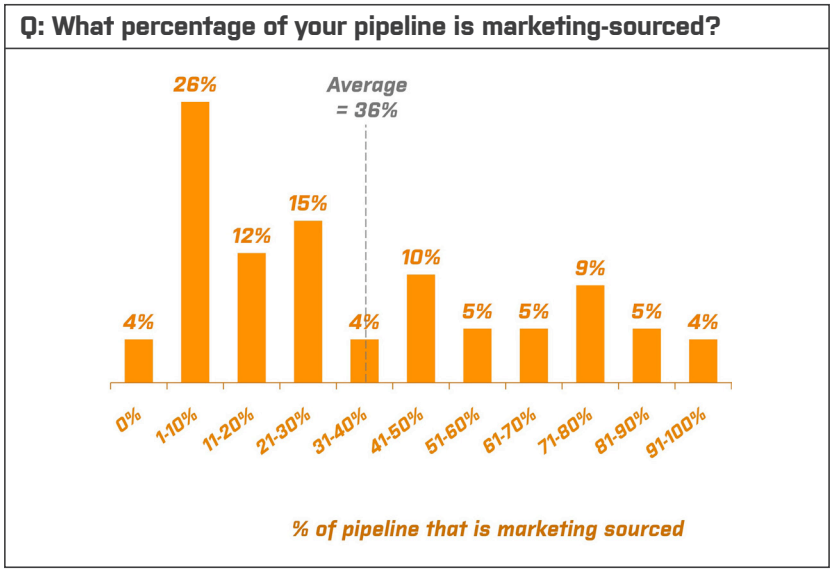
Figure 23. Marketing budget ratio

Q: What is your marketing budget ratio?



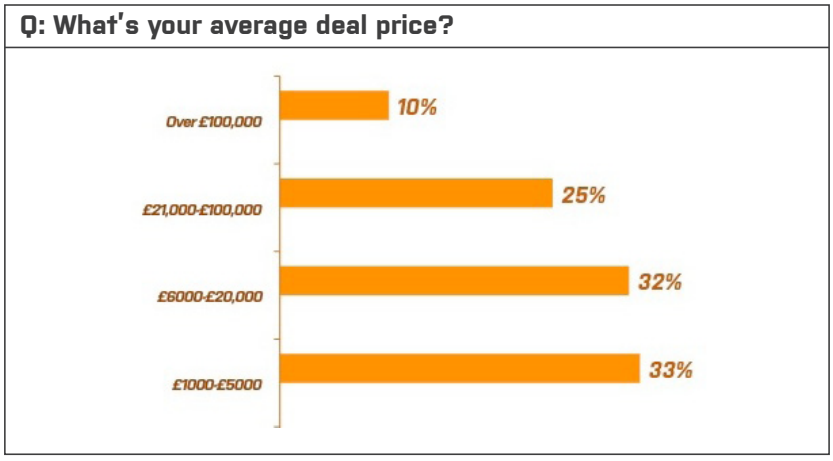
Responses to this question were broadly split into three. Just over a third of companies have a marketing budget ratio of less than 30:1, meaning for every £/$/€1million generated in revenue, less than £/$/€3500 is spent on revenue. A further third spend more than that (up to 1:1) while the final third have no idea about their marketing budget ratio.

Figure 24. Marketing's role in driving revenue



On average, just over one third of respondents total pipelines (36 per cent) is marketing sourced – in other words two thirds of revenue comes from sources other than marketing. This suggests marketing's role in driving revenue is not critical, for most organisations, therefore undermining their perceived relevance and status among other departments.

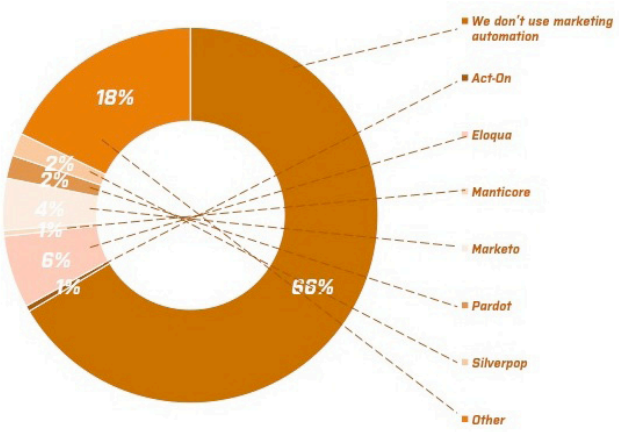
Figure 25. Average deal price



Respondents were asked to express average deal price in their local currency. Given that the majority of respondents (55 per cent) were from the UK, and respondents using other currencies do not provide a meaningful sample, it seems most appropriate to only analyse results for UK-based respondents. The average deal size was evenly distributed between the three price bands provided – up to £5k (33 per cent), £6-20k (32 per cent), and over £20k (25 per cent). These splits demonstrate marketing automation is being used by companies with a broad range of product and service offerings and price points. The appeal of this technology is very broad, and not restricted to companies at the very top end of the value chain.

Figure 26. Marketing automation platform usage

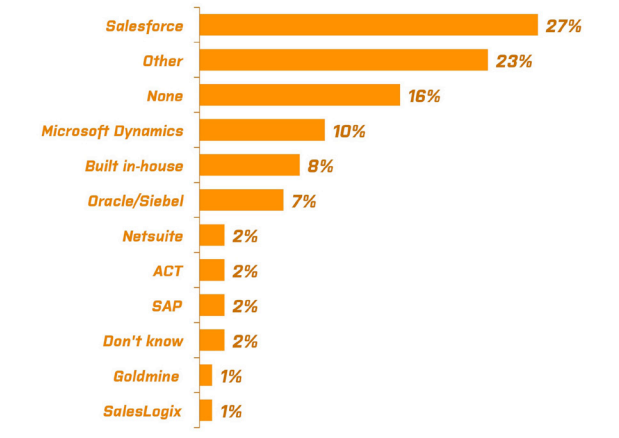
Q: Please identify which marketing automation platform you use



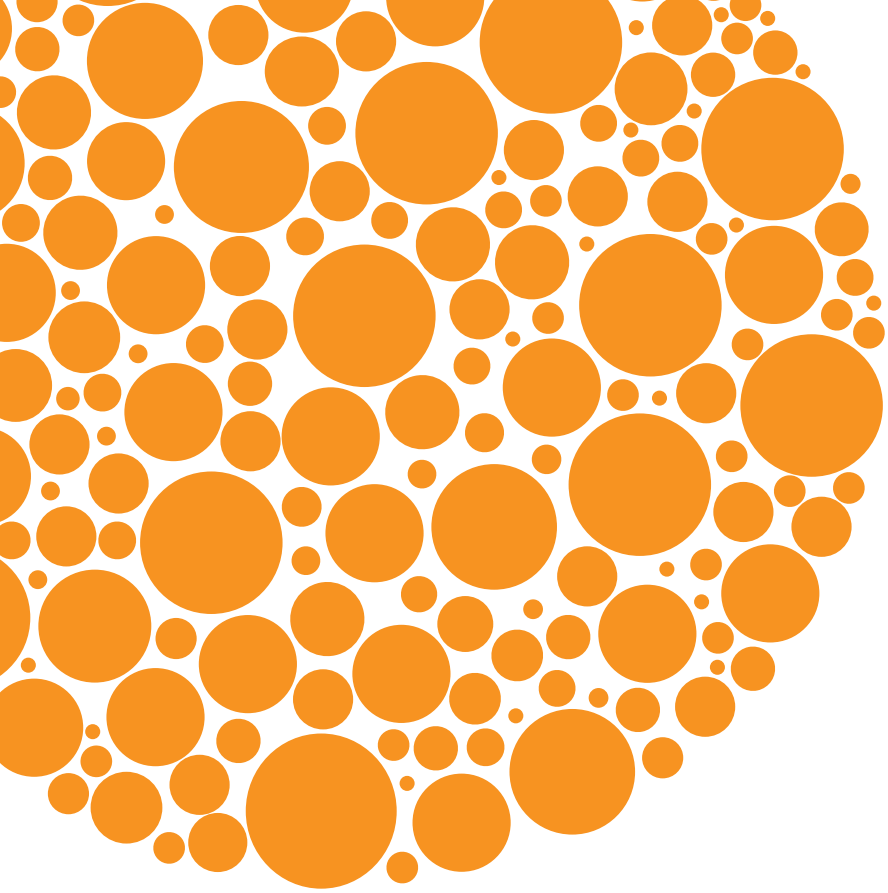
Only one third of respondents currently use automation, of which over half use systems supplied by lesser known vendors, which suggests they may actually be using systems that don't fit into the key automation category – such as enhanced email platforms or CRM systems. Of the automation systems used, Eloqua and Marketo were by far the most popular, confirming their leadership of this category. However, it would seem all vendors have significant opportunities as the installed base remains low and there is significant scope for expansion.

Figure 27. CRM platform usage

Q: Which CRM vendor's platform do you use?



Salesforce is overwhelmingly the most popular CRM system used by respondents, with 27 per cent of the total responses, way ahead of the second most popular solution, Microsoft Dynamics on 10 per cent. Sixteen per cent of respondents had no CRM system in place, while eight per cent used one developed inhouse.





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