PROPOLIS
COMMUNITY INDEX
FROM B2B MARKETING

Year-on-Year Analysis



The Propolis Community Index:

Marketing budgets have increased, but how are they being spent?

JULY 2024

Contents

INTRODUCTION
Introduction to the Propolis Community Index 3

SECTION 1
Marketing budgets are up, but marketers are now responsible for a greater share of revenue 4

SECTION 2
Marketing leaders are increasingly turning to agencies and technology vendors 7

SECTION 3
Marketers are spending more time researching and analyzing 8

SECTION 4
Customer growth ambitions for the year ahead 9

SECTION 5
Marketing teams are growing 10

SECTION 6
Next steps 11

In order to build this report, we spoke to a number of senior B2B marketing leaders to gain their insights. With that in mind, we'd like to thank the following individuals for their time and expertise:



Nimmi Bhalla
Director of Business Marketing
Virgin Media O2



David Keene
CMO Europe
Wipro



Dr. Christine Bailey
Senior Director & Head of KYC Marketing, Europe & Africa
Moody's

Introduction to the Propolis Community Index

In August 2023, we launched the Propolis Community Index – the real-time dashboard of B2B marketing metrics. This dashboard collects data from B2B marketing teams from the UK and US on a monthly basis, and presents the data in a live dashboard, providing an increasingly rich and detailed picture of the market. This tool helps Propolis members benchmark themselves against their peers, and understand how they compare.

With the new year underway, the Propolis Community Index now provides members with a detailed picture of how the market is changing year-on-year, from budgets, to strategies, to team size, and everything in between.

In this report, we'll share what we can learn so far from this year-on-year data. Of course, as we collect more data, the index will continue to strengthen and become even more accurate. So, if you want the absolute latest, most timely data, we urge you to log in to Propolis today to take a look for yourself. Of course, if you're interested in learning more about the Propolis Community Index, we urge you to scan the QR code to learn more.

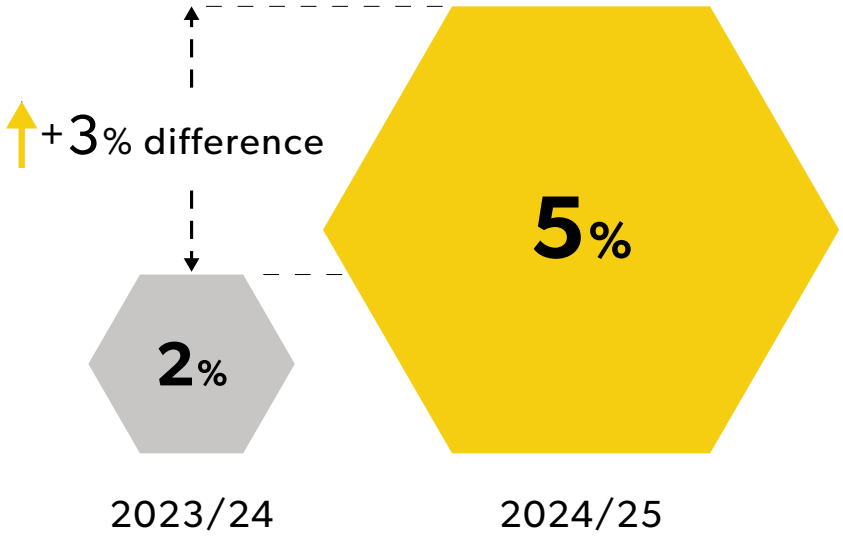
Want to learn more about the Propolis Community Index? Just click the link below to explore real-time data and analytics.

b2bmarketing.net/propolis-community-index

Marketing budgets are up, but marketers are now responsible for a greater share of revenue

Marketing budget as percentage of revenue target

The Propolis Community Index
July 2024



According to the Propolis Community Index, marketing budgets as a percentage of revenue targets have risen from 2% in the last financial year, to 5% in the current financial year. For many, this might be a surprise. As **Dr. Christine Bailey**, *Senior Director & Head of KYC Marketing, Europe & Africa*, **Moody's**, remarked:

"I'm pleasantly surprised to hear that marketing budgets are up! Everything you read about and hear from people is that marketing budgets are always the first thing to be cut, and there are widespread layoffs in the tech world. A lot of B2B technology marketing people seem to be being laid off from big tech firms at the moment."

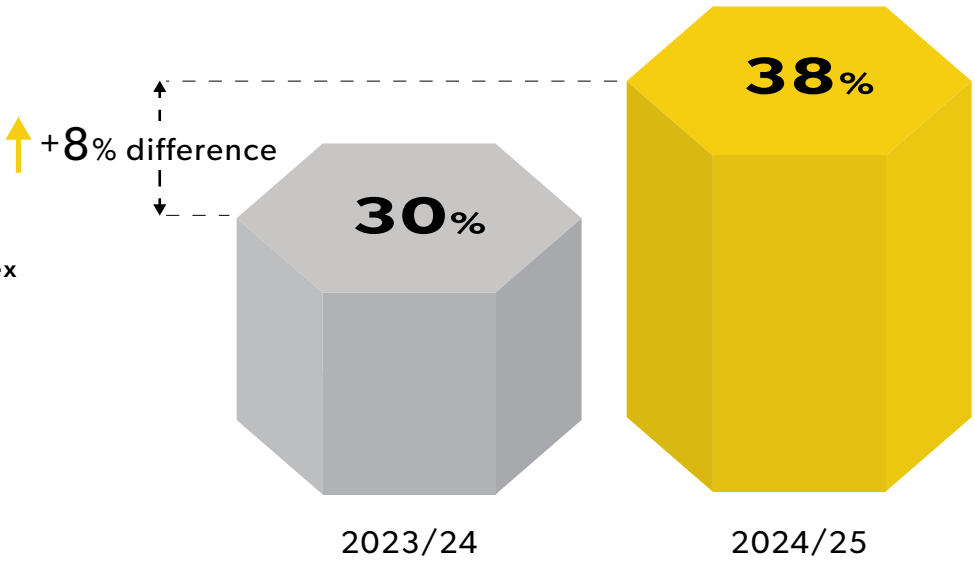
Nevertheless, Dr Christine attributed this budget increase to the ability of marketing departments to now demonstrate much clearer return on investment. After all, the more you can demonstrate marketing's impact on revenue, the more successfully you'll be able to argue for more budget.

Nimmi Bhalla, *Director of Business Marketing*, **Virgin Media O2**, shares this view, claiming:

"The increase in marketing budgets is directly tied to the value they deliver. When marketing efforts demonstrate a solid ROI, the budget is subsequently increased to capitalize on those successful outcomes. Conversely, in areas where the ROI hasn't met expectations, budgets tend to be reduced. In more traditional industries like ours, while the budgets haven't necessarily decreased, there's a heightened focus on maximizing the effectiveness of what is being spent."

The percentage of revenue that marketing is responsible for

The Propolis Community Index
July 2024



This is supported by the fact that B2B marketers are now expected to deliver 38% of their team's overall revenue target. This is compared to just 30% last year. Of course, we don't have a crystal ball, but if we continue at this rate, it's not hard to imagine a world in the very near future in which B2B marketers will be responsible for the majority of revenue.

As **Nimmi** points out: *"It's all about ensuring that we are delivering revenue for the business and maximizing ROI. These are the key metrics now. I think a lot of businesses have moved away from MQLs."*

David Keene, *CMO Europe*, **Wipro**, takes this a step further, claiming:

"Where marketing budgets are growing, it's a reflection of the more strategic role that marketing is taking, and the need to invest in both brand and demand, and balancing that spending. This is the post-pandemic normalization of investment in services and technologies that people are adopting, which require greater communication and a more integrated brand and demand cycle."

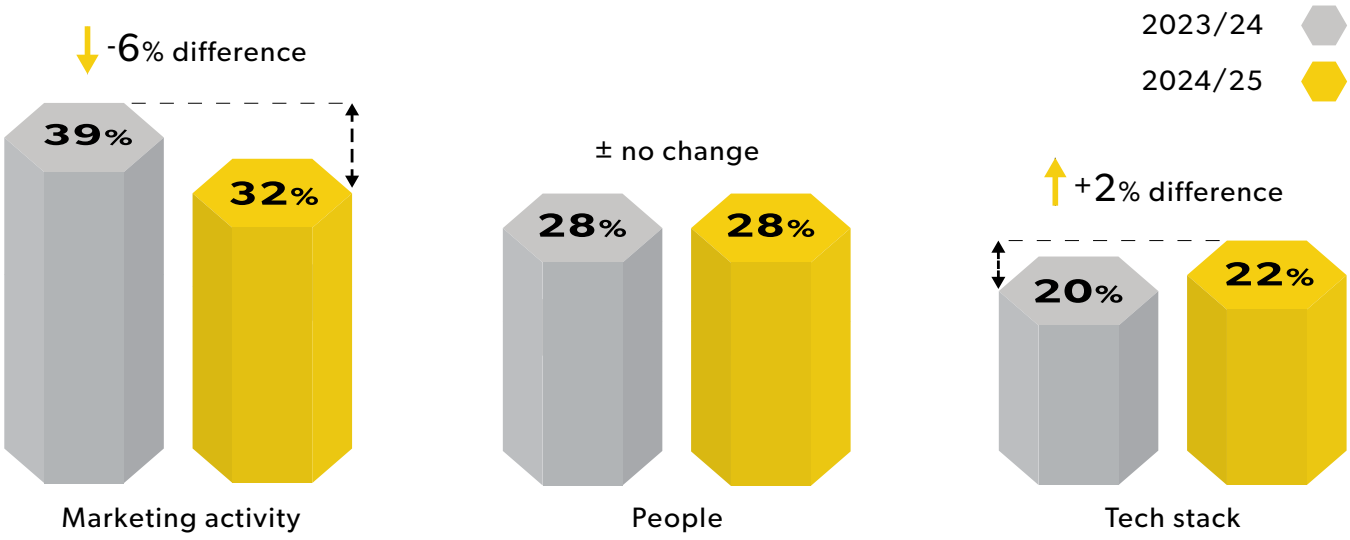
Essentially, this could suggest that B2B marketers are starting to become 'commercial marketers', something which we recently defined in Propolis as follows:

"A marketer whose primary skillset and value is in their ability to think strategically and drive measurable business growth through marketing. A commercial marketer thinks about the wider business objectives first and foremost, and marketing tactics and specialisms second. By comparison, a commercial marketer is not a marketer who is primarily occupied by achieving tactical wins, or results in one isolated metric."

Although it's clear that many B2B marketers are starting to approach marketing through this more commercial lens, our recent Propolis Community Sprint also demonstrated that there are strategic and skill gaps that need attention if we're to truly become commercial marketers. If you haven't already, we'd urge you to read our report on this topic to learn more about what defines a commercial marketer, and how you can become one.

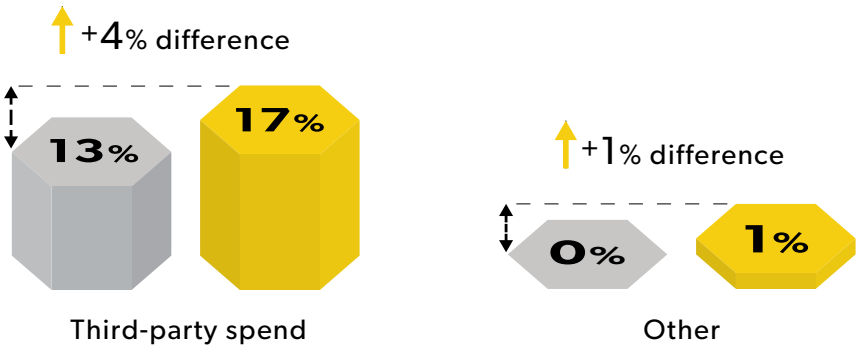
Download your copy of our Commercial Marketer report by clicking the link here.





How marketing leaders are spending their budget by activity

The Propolis Community Index July 2024



(Shown as a percentage of budget)

SECTION 2

Marketing leaders are increasingly turning to agencies and technology

Looking at the previous page, we can see how B2B marketing leaders are spending their budget this year. There hasn't been a dramatic difference (we'd be surprised if there was!), but we can see one very interesting development: marketing leaders are spending a greater percentage of their budget on technology and third-parties, but less on actual marketing activity.

This suggests that, as B2B marketers are looking to deliver a greater share of revenue (albeit with increased budgets), they're increasingly looking to technology vendors and third-parties (think consultants, agencies, freelancers) to help deliver it. On the flip side, it appears that they're doing less of the 'actual marketing' themselves.

For **Nimmi Bhalla**, this higher investment in technology reflects her own experience at Virgin Media O2:

"We need to make sure that we've got the right foundations on which we can run our campaigns and communicate with customers. Customer journey and experience has become so much more valuable than marketing campaigns. Therefore, a lot of businesses like ours are spending this year a much bigger proportion of their budget on getting more tech in place. We are also spending on in-house marketing activities, but as a proportion of spend versus previous years, a lot more is being spent on technology."

In **Dr. Christine Bailey's** opinion:

"This data tells me that everybody is very obsessed with AI at the moment. You typically use vendors when you need some kind of specialist knowledge, particularly when things are moving very quickly. For example, a PR agency: they've got the relationships with the media, and it's very difficult to maintain such a broad scope of relationships when you are an in-house team. So, they've got something that adds value. We work with a research consultancy, and they conduct our third-party research, which we do every six months in order to create original thought leadership content."

Taking this a step further, the Propolis Community Index demonstrates which areas marketers are using agencies and third-party support for. The complete dataset (not shared here) demonstrates that more marketers are using agencies and third-party support for nearly everything compared to last year. For instance, whilst last year, just 22% of marketers claimed they were using agencies and third-party support for ABM, this year, this now sits at 29%. Whilst agencies have had a tough few years, this could be the year that things start to really improve.

Marketers are spending more time researching and analyzing

So, when it comes to the portion of the budget allocated to 'marketing activity', where is that budget being spent?

Well, again, there's not a radical difference compared to last year's data, but we can see a slight increase in market research and client marketing, at the expense of things like brand and demand generation.

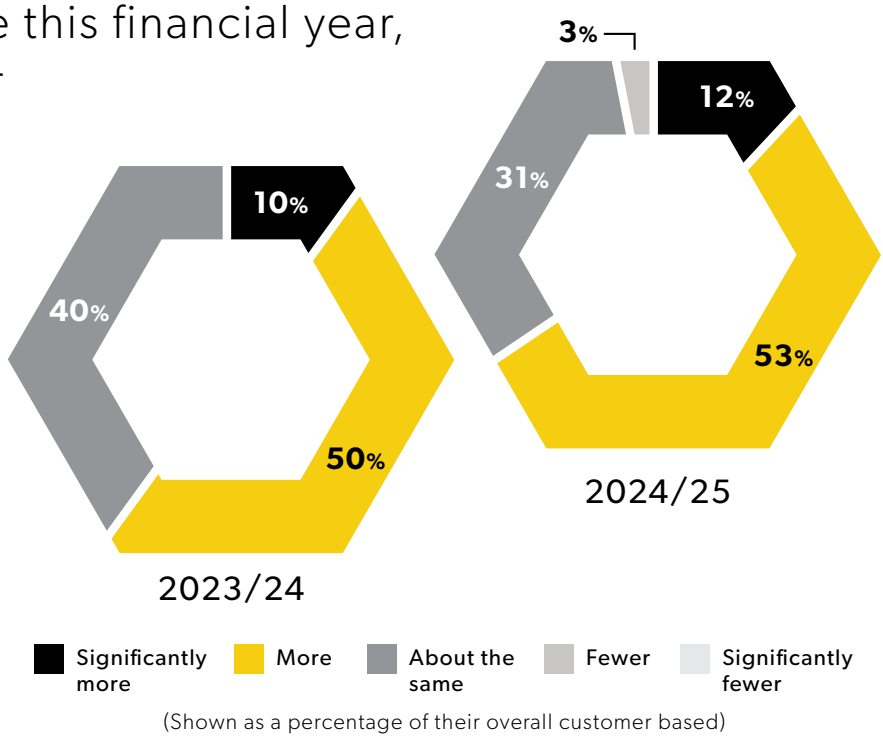
This isn't to say that brand and demand generation aren't important – of course they are, and they will continue to be so. However, it's interesting to see that marketers are spending more time looking into the data, analyzing it, and planning out their next strategic moves.

Reflecting on these trends, **David Keene** commented:

"This tells me there's a swing towards data-driven marketing and away from more creative marketing. It's quite interesting. When you look at the different brand campaigns out there, you see organizations pulling back from creative engagement. Instead, they're focusing on account-based marketing, personalized campaigns, microsites – very data-driven efforts. This shift emphasizes targeting and precision over broad, creative campaigns that aim to engage a wide audience."

How many new customers marketers are looking to acquire this financial year, compared to last year

The Propolis Community Index
July 2024



(Shown as a percentage of their overall customer based)

SECTION 4

Customer growth ambitions for the year ahead

Last year, we saw that the majority of B2B marketers (60%) were trying to acquire more customers than they did compared to the year prior. At the same time, their retention targets were very high (91%). How you interpret this depends on the industry you are in, but it does suggest that marketers were relatively cautious in their customer growth targets, and more heavily focused on retaining what they already had.

This year, a slightly higher percentage of marketers (65%) are looking to increase their customer acquisition targets, whilst still maintaining a high retention target of 91%.

As **David Keene** observed:

"This suggests to me that a lot of companies in this survey have reached a mature business model and saturated their markets. If the markets are saturated and they've reached a level of maturity in their operations, then the retention rate is stabilized. I think it's important to find new opportunities to deliver value, opportunities for growth."

Regardless of your own customer growth targets, **David Keene** offers his advice:

"You need to focus on which accounts you can successfully sell to. You do this by identifying accounts similar to those where you've already succeeded. The first step is replicating existing successes. The next step involves exploring new opportunities for growth, which require two different marketing approaches. If you're established with a strong reference base for a specific service or product, you can expand by replicating this success with similar target accounts. On the other hand, if you're still figuring out your go-to-market strategy, you'll need to experiment more and be prepared for some trial and error as you grow slowly. These are two very different approaches."

For **Nimmi Bhalla**:

"Acquisition is a focus, but we are turning inwards and seeing how we can actually generate that same level of revenue from existing customers, with whom we already have established relationships. Our strategy involves ensuring we continue to upsell and maximize the customer lifetime value (CLV) of these clients."

SECTION 5

Marketing teams are growing

So, marketing leaders are becoming more strategic, have greater budgets to work with, and are expected to deliver clearer revenue with what they've got. At the same time, the majority of marketing leaders are spending a smaller percentage of their budget on marketing execution, a greater percentage on technology and third-party support, and the same percentage on people.

However, this doesn't mean marketing teams aren't growing. Yes, the percentage of budget allocated to people hasn't changed, but remember that the overall budget has increased. This means that more money is still being spent building marketing teams.

As we can see from the Propolis Community Index, the average marketing team has actually grown by 26% this year – a huge change from the mere 6% increase last year. Confusingly, however, we can also see that a smaller percentage of marketing teams (47%) have increased this year, compared to 60% last year.

This tells us that fewer teams are growing compared to last year, but those that are growing, are doing so significantly. As we've mentioned already, the Propolis Community Index is a real-time dashboard, and it could be that these figures start to level out as we collect more data. Whatever the figures say at the end of this financial year, it's clear that teams are on the up.

In **Nimmi's** view:

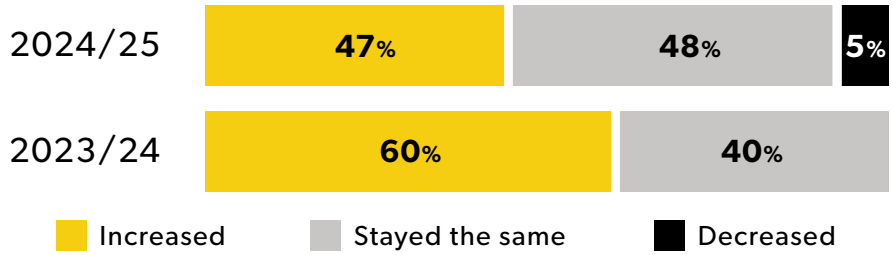
"Previously, marketing teams were mainly running campaigns, but now we are supplementing that by making sure that we've got the right digital skills in the team as well. And I think that is quite an ideal structure. So, you'll have the digital team looking at the foundations and how we optimize spend, and then the campaign team looking at how we use that technology to reach our customers in a more effective and targeted way."

The Propolis Community Index also tells us that marketing headcounts are becoming increasingly centralized, with an average of 42% of marketing headcount now being centralized, compared to just 35% last year. For **Christine**, this is a positive development, but says it's important to not lose the local touch:

"There will be some functions that you can centralize and there will always be a component of field marketing where you need people to be close to the customer with local knowledge and local language capabilities."

Percentage of marketing teams that saw their team increase or decrease

The Propolis Community Index
July 2024



SECTION 6

Next steps

The Propolis Community Index is designed to provide a timely picture of how B2B marketing teams function across the globe. In other words, how are their teams structured? How big are their budgets? Where are they spending? Where are they not spending? What returns are they seeing?

Ultimately, it's a tool for benchmarking yourself against your peers, and sense-checking your own spend and results. The data shown in this report is not a recommendation, but a state of play.

Regardless, what we can see is that B2B marketers are increasingly expected to be – and are acting as – commercial marketers. Yes, they have more budget, but they're expected to deliver a greater percentage of their team's revenue targets with that budget. How are they doing that? By spending more time researching and analyzing their markets, and using technologies and third-parties to deliver the execution.

In our recent Propolis Community Sprint, we brought the global B2B community together to discuss what it takes to be a commercial marketer in more detail. Over the course of doing so, we identified several strategic and skills gaps that need attention in the year ahead. If you'd like to learn more about what it takes, we'd urge you to read the full report, which you can access by scanning the QR code on page 6, or by picking up a copy of the report on the Propolis stand.



If you're already a Propolis member, we recommend you check out the full Community Index year-on-year dashboards now live on the Propolis hub.

If you are not a member of the Propolis community, click the link here to explore the Community Index and equip yourself with the right metrics to make more informed, data-driven decisions.



B2B Marketing and Propolis

B2B Marketing was founded in 2004, starting life as a print magazine. It has since evolved into the world's go-to resource for B2B marketers looking to become best-in-class at what they do, and place themselves at the forefront of marketing evolution.

B2B Marketing produces a number of products, including: insight reports; interviews with the best minds in the business; *The B2B Marketing Podcast*; webinars; conferences; and even Awards programmes.

In 2021, we launched Propolis where B2B marketers find the right strategies, frameworks, and skills to confidently drive growth, build teams, and prove a clear business impact. It's driven by practical insights from hand-picked experts – and tested by marketers themselves in the real world.

Want to learn more about B2B Marketing or Propolis specifically? Just get in touch using the contact details below and start your journey with us today.

b2bmarketing.net
info@b2bmarketing.net.

B2B MARKETING | PROPOLIS FROM B2B MARKETING

PROPOLIS

FROM B2B MARKETING

B2B strategies. B2B skills. B2B growth.

Propolis helps B2B marketers confidently build the right stratgies and skills to drive growth and prove their impact.

Full of relevant experise and tools, it cuts straight to the answers and advice marketing leaders and teams need to overcome their biggest challenges.



Learn how to join the community | b2bmarketing.net/propolis | linkedin.com/company/propolisb2bmarketing



B2B Marketing
Westgate House
9 Holborn
London
EC1N 2LL

info@b2bmarketing.net
b2bmarketing.net

B2B MARKETING