ANNUITAS

2019

Digital Demand Marketing Performance Benchmark Report

How Does Your CMO Stack Up?

Executive Summary

As passionate demand marketers, we're always evaluating our own marketing efforts. We're constantly striving to evolve what success looks like not only for ourselves, but for the broader market.

When we work with a new client looking to transform their digital demand marketing, our first question is "what does success look like for you?" When we're talking to a CEO or CRO, the answer is business growth. But when we're talking to a marketing leader, the answer is consistently inconsistent.

Some CMOs and marketing leaders are aligned to the growth metrics of their CEO and CRO peers, while others prioritize brand engagement activities. We thought it was interesting that these two sides were at odds with one another, so we started asking more questions.

We thought that CMOs would fall into one of two groups: brand-focused or demand-focused. We assumed that the brand-focused CMOs would be underperforming and that the demand-focused CMOs would be more successful at driving demand and achieving business growth.

After conducting a survey of more than 200 business leaders, including CEOs, CROs and CFOs across several different industries, we discovered that there's a disconnect between the expectations of marketing and business leadership when it comes to performance.

We found that business leaders can differentiate very clearly which type of CMO they have and that **80-95% of business leaders agree that brand-based marketing is focused on the wrong metrics.** But because goals are built on activities and not impact, these marketers are still considered successful. The problem is that the definition of success isn't the same for marketing and leadership, which is causing friction between the two groups.

We were surprised to learn, however, that while demand-focused marketers are working towards the right goals, they're not considered more successful than brand-focused teams. This answer surprised us since Demand Marketing done right should result in increased business growth, which is the common measure of success for business leaders.

The results were clear throughout the survey: businesses need to be doing Demand Marketing better.

We hope you enjoy reading these results as much as we did, and when you're finished, we share our insights on how to solve this problem and improve outcomes by 4-10X the industry average.

To Driving Better Results,

Adam B. Needles

Lauren Goldstein



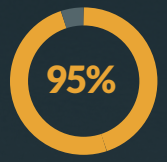
ADAM B. NEEDLES
CEO and Principal, ANNUITAS



LAUREN GOLDSTEIN
CRO and Principal, ANNUITAS
Co-Founder, Women in Revenue

Key Takeaways

- Activity-based marketing KPIs are not representative of the revenue impact of Demand Marketing
- Direct correlation between marketing performance and corporate growth cannot be accurately established without "closing the loop" between Demand Marketing programs and sales performance
- Effectiveness in hitting marketing goals is dictated by the goals that are set, and activity-based goals are easier to meet than revenue-based ones
- Embracing an optimization mindset is only possible when the right data is measured
- Marketers that leverage sales and revenue-focused KPIs have greater credibility with leadership



95% of sales leaders with a **brand-focused CMO** think that marketing is focused on the wrong metrics



80% of non-marketing/non-sales business leaders with a **brand-focused CMO** think that marketing is focused on the wrong metrics

- Incorporating a buyer-centered approach is the way to truly achieve Digital Demand Transformation

- **54.7%** of our respondents described their CMOs as "brand, PR and product-focused," while the remainder categorized them as "demand, sales and revenue-focused."

- **82.9%** of respondents with a brand-focused CMO think there are better metrics to measure success.

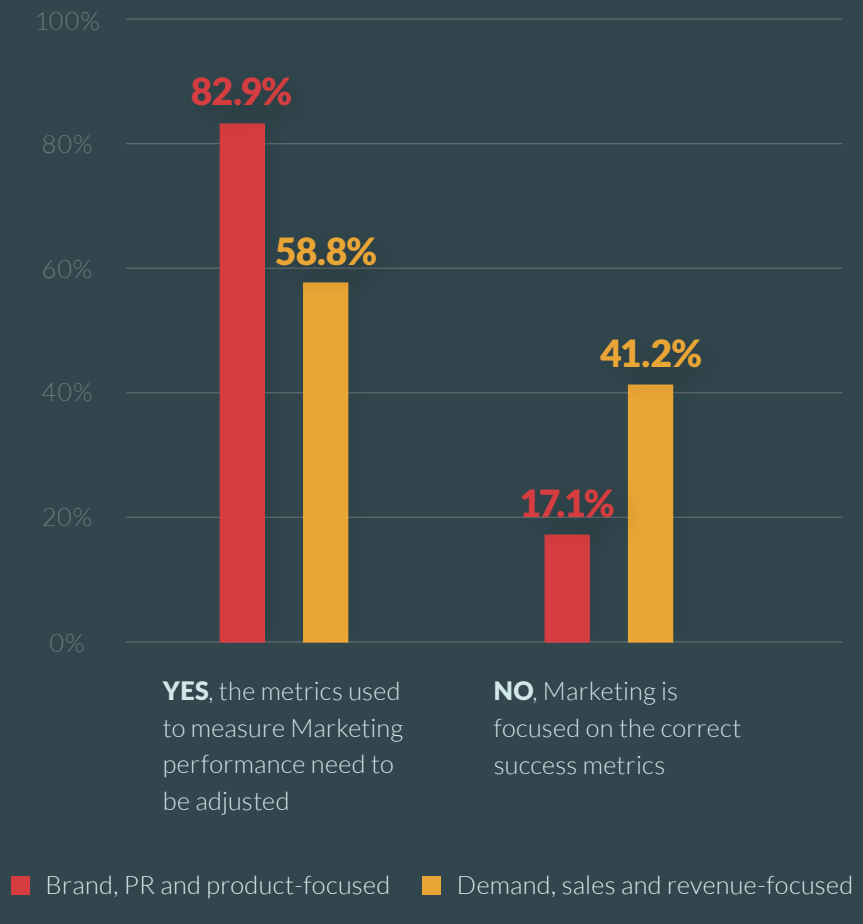
When you focus on only the respondents that do not have a marketing role (CEO, Head of Sales, CFO, etc.), the numbers are interesting, with sales leadership showing an almost universal dissatisfaction with brand-focused CMO metrics:

- **80%** of non-marketing/non-sales business leaders with a brand-focused CMO think that marketing is focused on the wrong metrics.

- **95%** of sales leaders with a brand-focused CMO think that marketing is focused on the wrong metrics.

Read on, enjoy the survey, and ask yourself—how do these questions apply in your organization?

Would you personally set different success metrics for marketing than those that they are currently measured against?



How would you describe the primary expertise of your marketing leadership?



We began this survey with the assumption that there are two types of CMO: brand-focused and demand-focused. We put that assumption to the test and asked business leaders to describe their marketing leadership expertise. The results confirmed our suspicions; business leaders can identify a difference in expertise among marketing leaders. We continued to ask our survey respondents to think about marketing leadership expertise as a basis for evaluating overall performance.

In asking this question, we wanted to prompt our respondents to think about the expertise of their leadership as a basis for evaluating overall performance.

RELATED CONTENT:
Revenue Vs. Vanity: The Metrics That Matter for Driving Growth

01

What's your organization's marketing style: brand or demand marketing?

In asking the primary success metrics around which marketing is measured, we wanted to see if we could more clearly delineate the differences between both types of CMO.

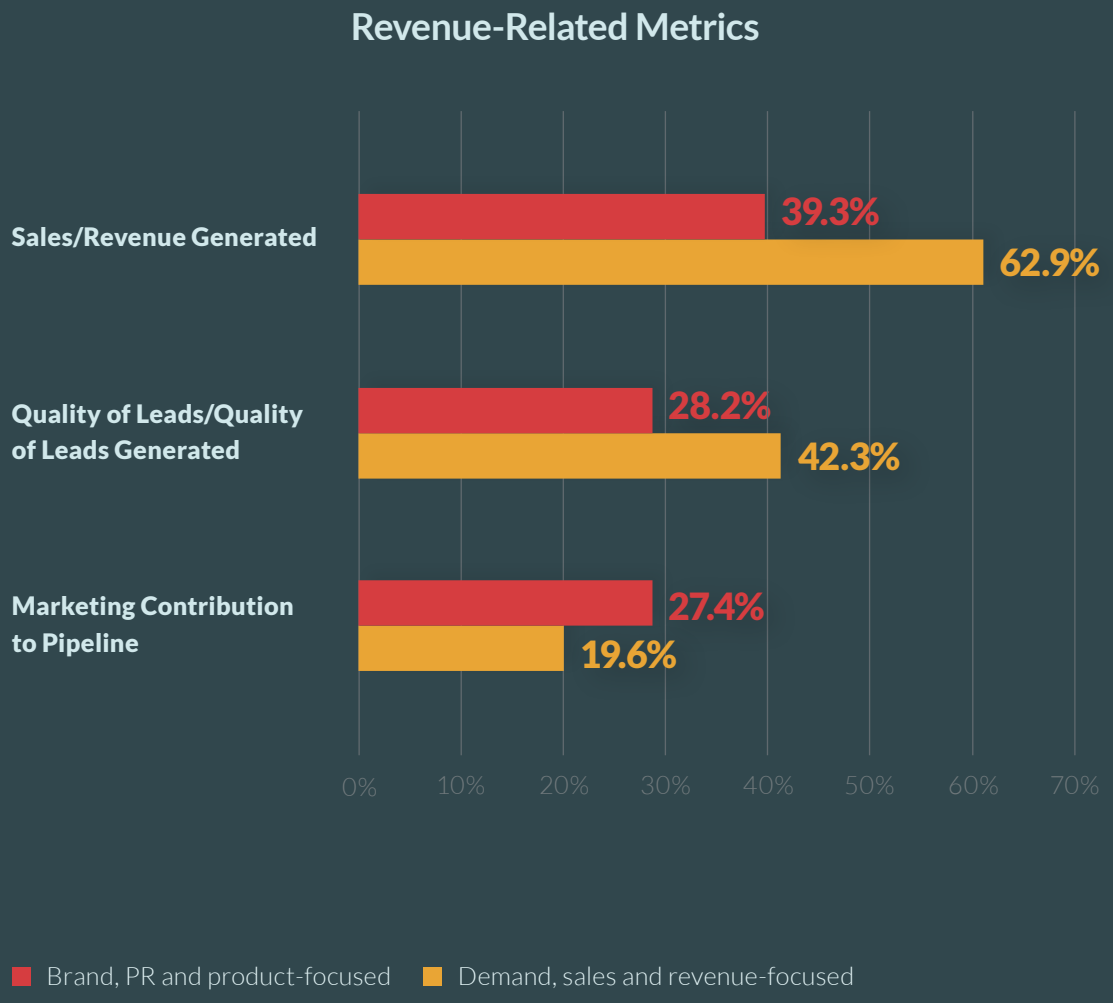
What we discovered was that while sales and revenue-related metrics are leading KPIs for both types of CMO, they are more frequently listed as success metrics for the demand-focused CMO.

Volume of sales and revenue generated, for example, is the leading metric for both types of CMO, but it is a primary success metric for less than **40%** of the brand-focused CMOs (compared to **62.9%** of demand-focused CMOs). Interestingly, more brand-focused CMOs report on contribution to pipeline. Based on our experience, that's because reporting on opportunity attribution is easier than closing the loop between marketing activities and demand.

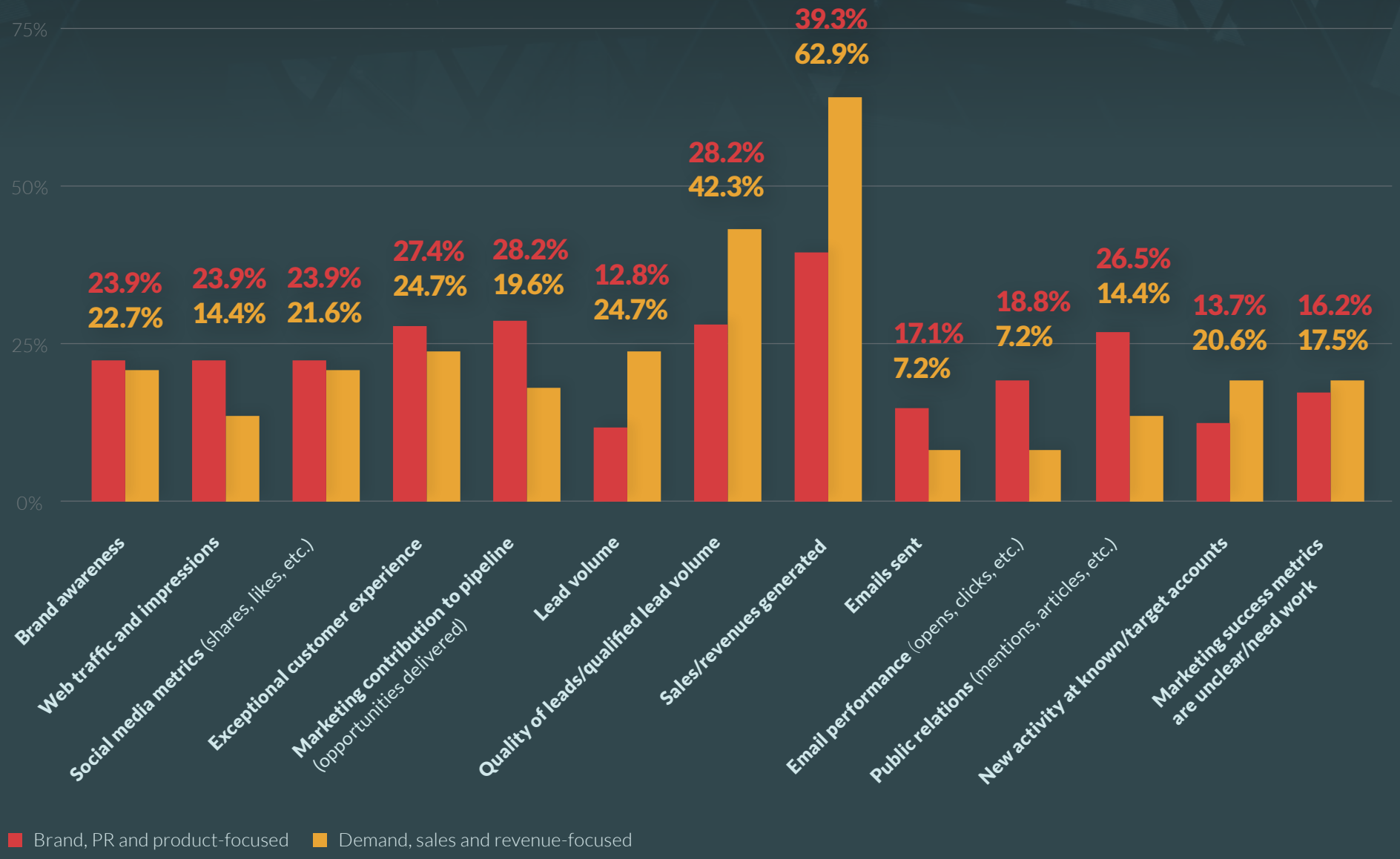
Brand-focused CMOs are much more likely to be measured on activity-based metrics, often showing close to **2X** the likelihood of being measured on KPIs such as web traffic, emails sent, email performance and public relations. The only activity-based metric where demand-focused CMOs outpaced brand-focused was overall lead volume.

RELATED CONTENT:
Demand vs. Brand: Cultivating the Revenue Focused CMO

What are the three primary metrics around which marketing success is measured?



What are the primary metrics around which marketing success is measured?

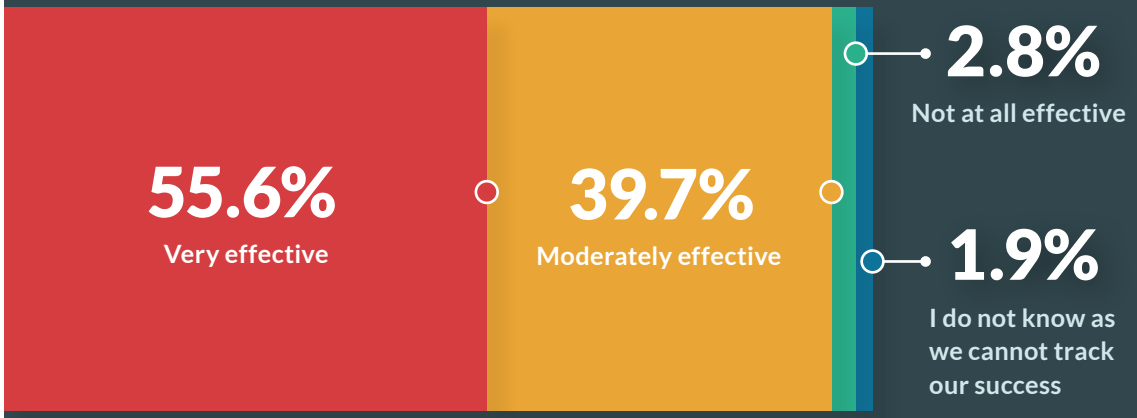


After asking our survey respondents to define the success metrics for marketing, we then asked the question of effectivity. Overall, marketing is mostly "Very Effective" (**55.6%**) or "Moderately Effective" (**39.7%**) at hitting success metrics.

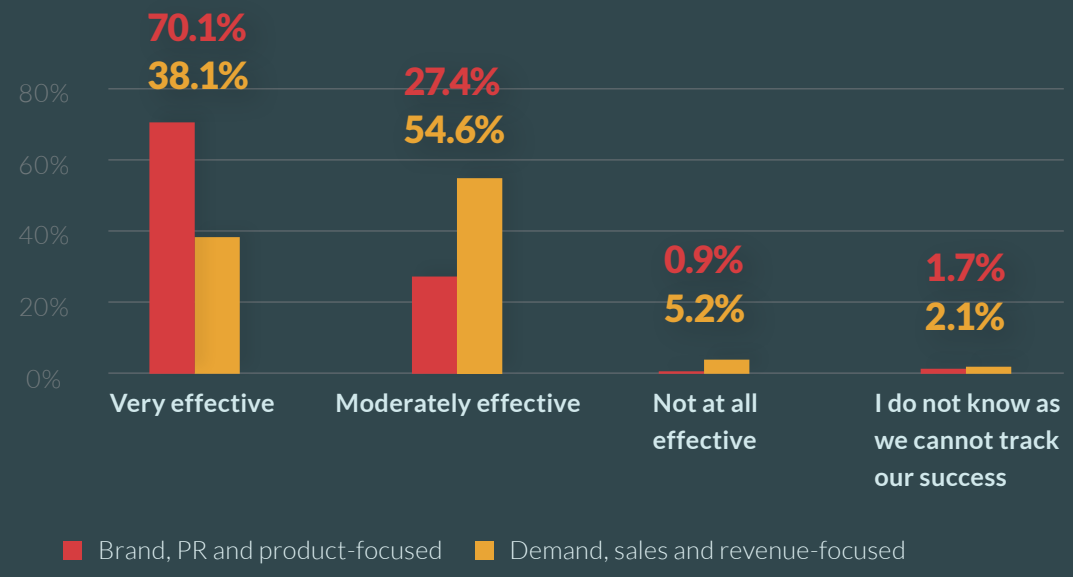
Earning a **70.1%** "Very Effective" rating (vs. **less than 40%** for a demand-focused CMO), brand-focused CMOs rank much higher in effectiveness of hitting their goals.

This is where the differences in goals between the two types of CMOs show up. Brand-focused CMOs are twice as likely to focus on KPIs such as web traffic, emails sent, email performance and public relations.

When business leaders rank CMOs on activity-based goals, they are ranking the effectivity of effort, which is not necessarily tied to demand. The vital takeaway is to ensure that there is understanding around which activities can be tied to demand outcomes so that everyone is operating on the same definition of success.



How effective is marketing at hitting these success metrics?



Performance can be a self-fulfilling prophecy. Marketing (or any department, leader or employee) will work toward goals that will lead to rewards. You can very effectively achieve your goals, but that does not mean they are the goals that will serve the business. Therefore, this question is the very heart of this study. Regardless whether marketing is hitting the goals they have set for themselves, are they the right goals and do you feel that their activities are serving to grow the business?

72% of business leaders feel CMOs in general are measuring against the wrong goals. When focusing solely on the brand-focused CMO, the percent of business leaders jumps to **80%**.

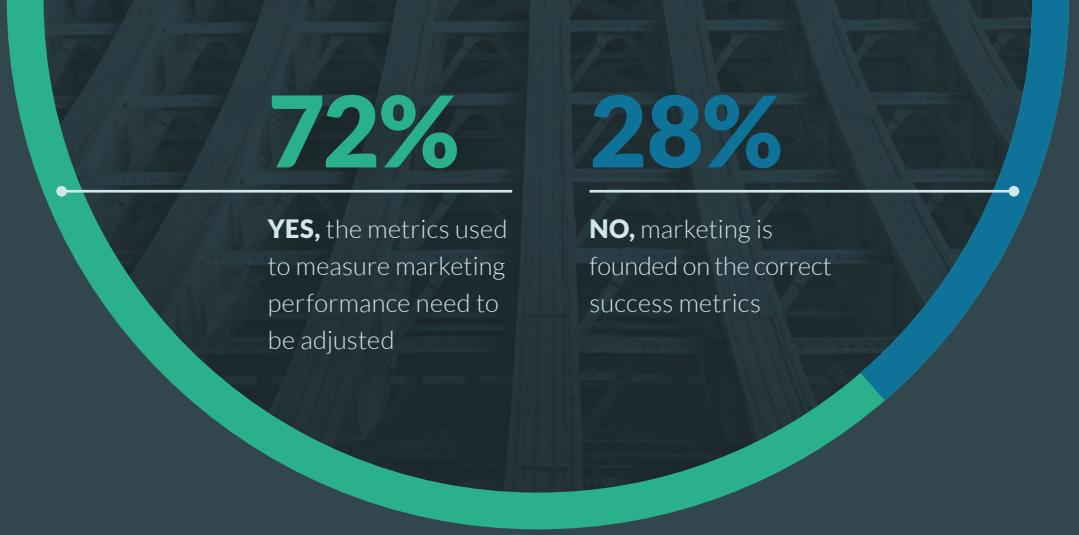
When you focus on only the respondents that do not have a marketing role (CEO, Head of Sales, CFO, etc.), the numbers climb even more:

80% of non-marketing/non-sales business leaders with a brand-focused CMO think that marketing is focused on the wrong metrics

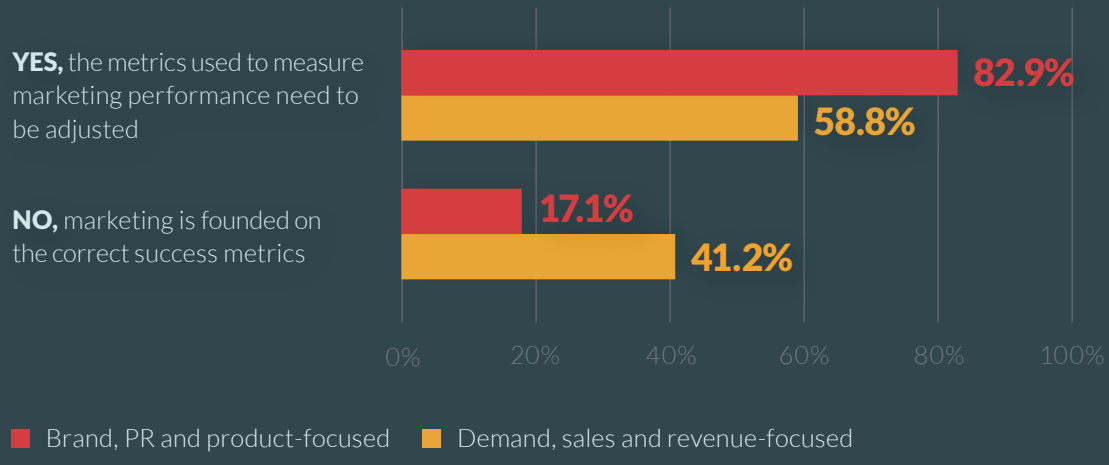
95% of sales leaders with a brand-focused CMO think that marketing is focused on the wrong metrics

The chasm between the KPIs that brand-focused CMOs report on and the non-marketing perceptions of Demand Marketing efficacy become clear with this question and are likely a source of distrust between marketing and the C-suite.

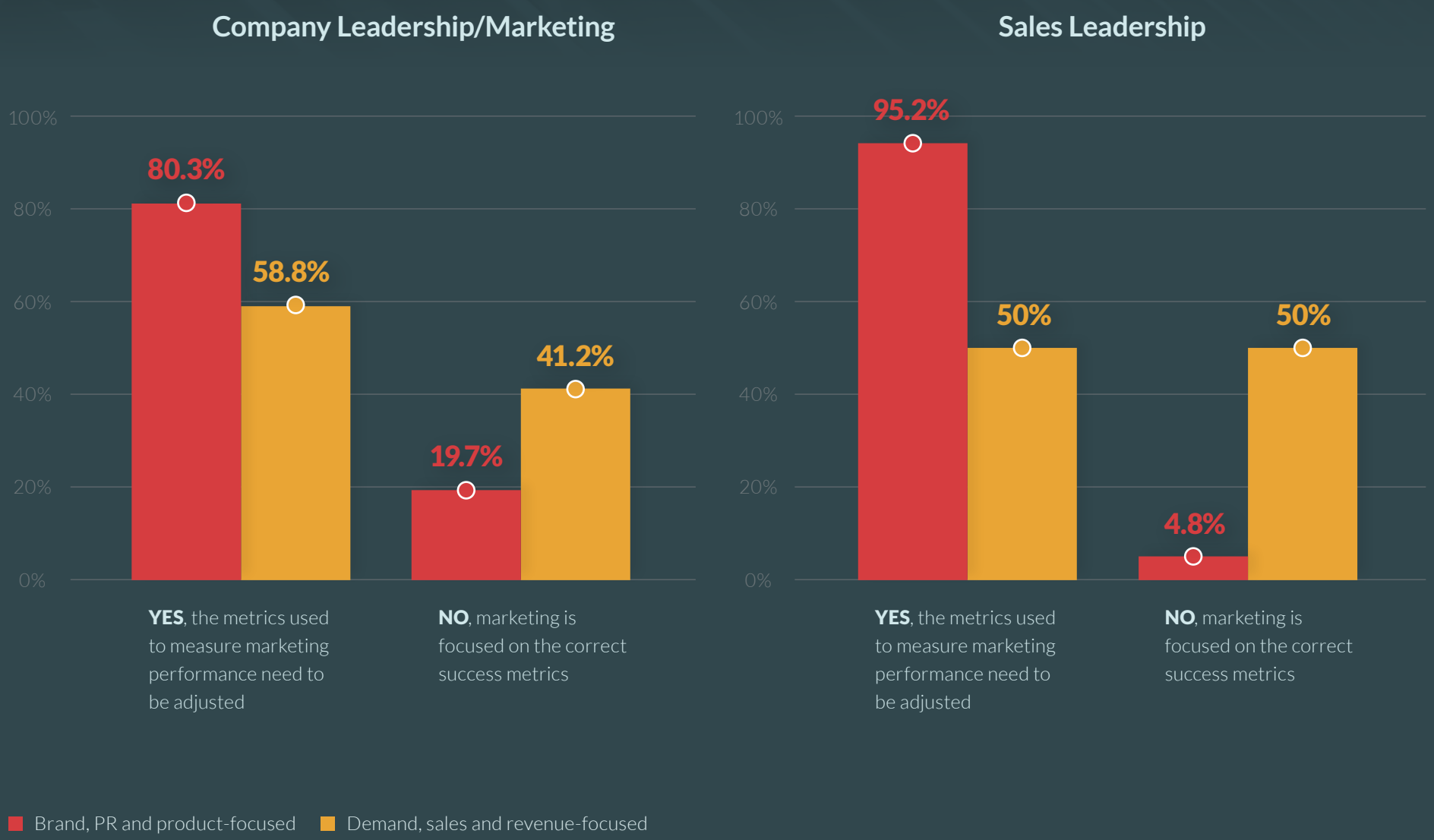
RELATED CONTENT:
7 Habits of a Revenue-Driven CMO



Would you personally set different success metrics for marketing than those that they are currently measured against?



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02

Are you optimizing marketing performance?

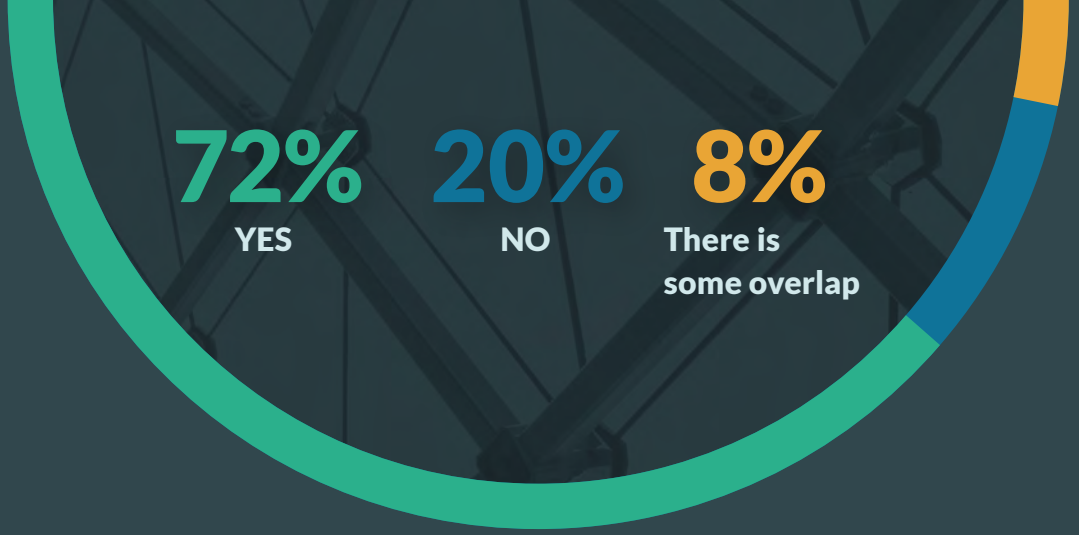
In one of the more interesting findings, respondents indicated a high degree of overlap between sales and marketing KPIs.

Since sales KPIs are almost exclusively revenue-driven, this is actually at odds with the answers to previous questions. Looking at it logically, considering the number of activity-based success metrics and goals for marketing, it is surprising that such a high number of respondents would want to change marketing's KPIs if they are indeed aligned with sales.

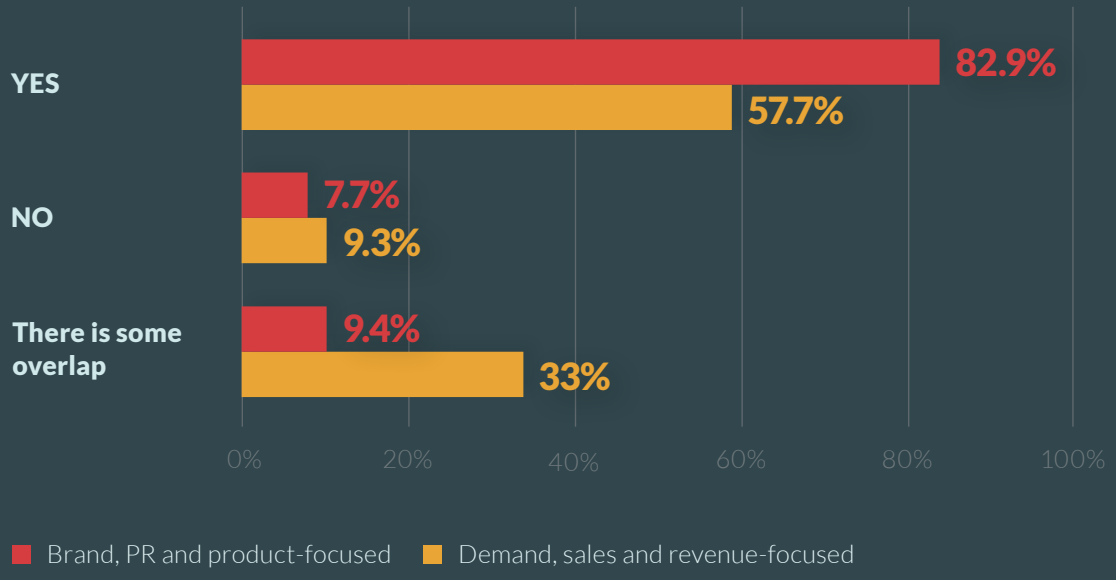
Perhaps improved sales performance is being attributed to marketing activities without actual reporting substantiating the specific marketing activities and their ties to revenue.

It stands to reason that formally adopting some success metrics from sales into the marketing department makes sense.

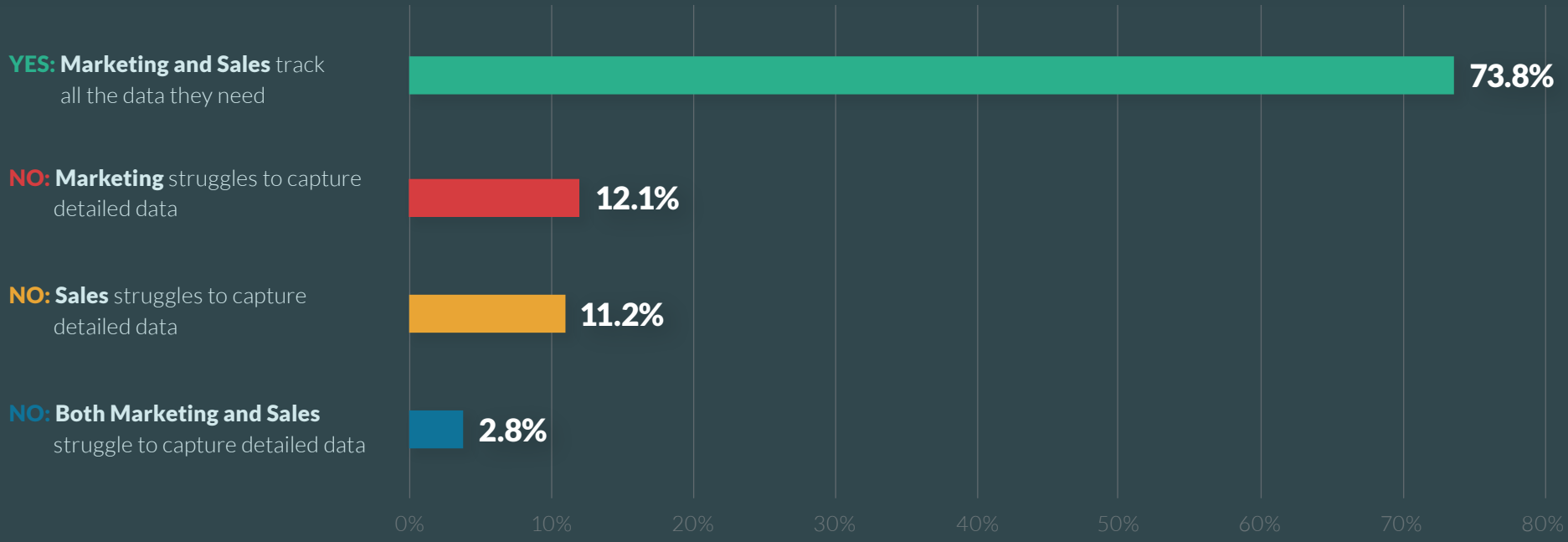
RELATED CONTENT:
Demand Generation KPIs & Metrics You Need to Monitor



Do marketing and sales have a common set of Key Performance Indicators (KPIs) that they both use to measure success?



Are marketing and sales activities tracked in enough detail to accurately measure their success against corporate goals (profitability, sales, revenue, growth)?

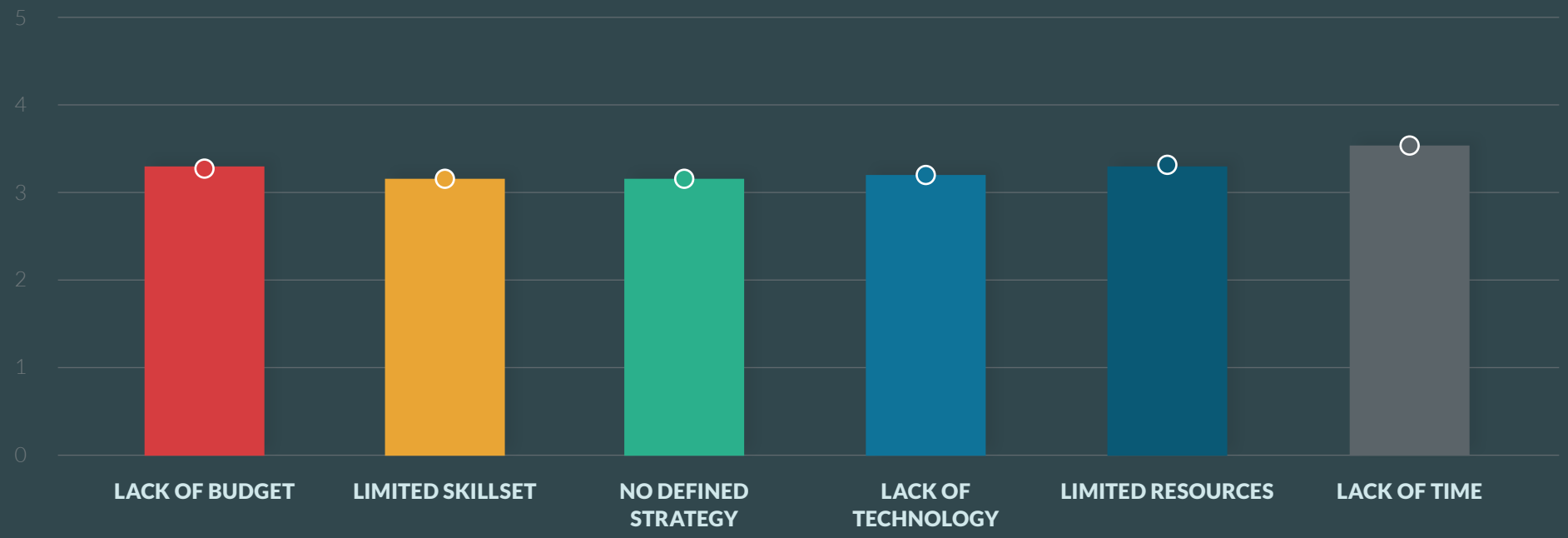


Here we see that more than **70%** of respondents believe they have the data they need to accurately measure success against corporate goals, but the more important question remains: **What are they doing with the data?**

Because so many of our respondents report that marketing is measured against the wrong goals, we see that, though the data exists, it isn't being acted upon or interpreted effectively enough to optimize marketing strategy.

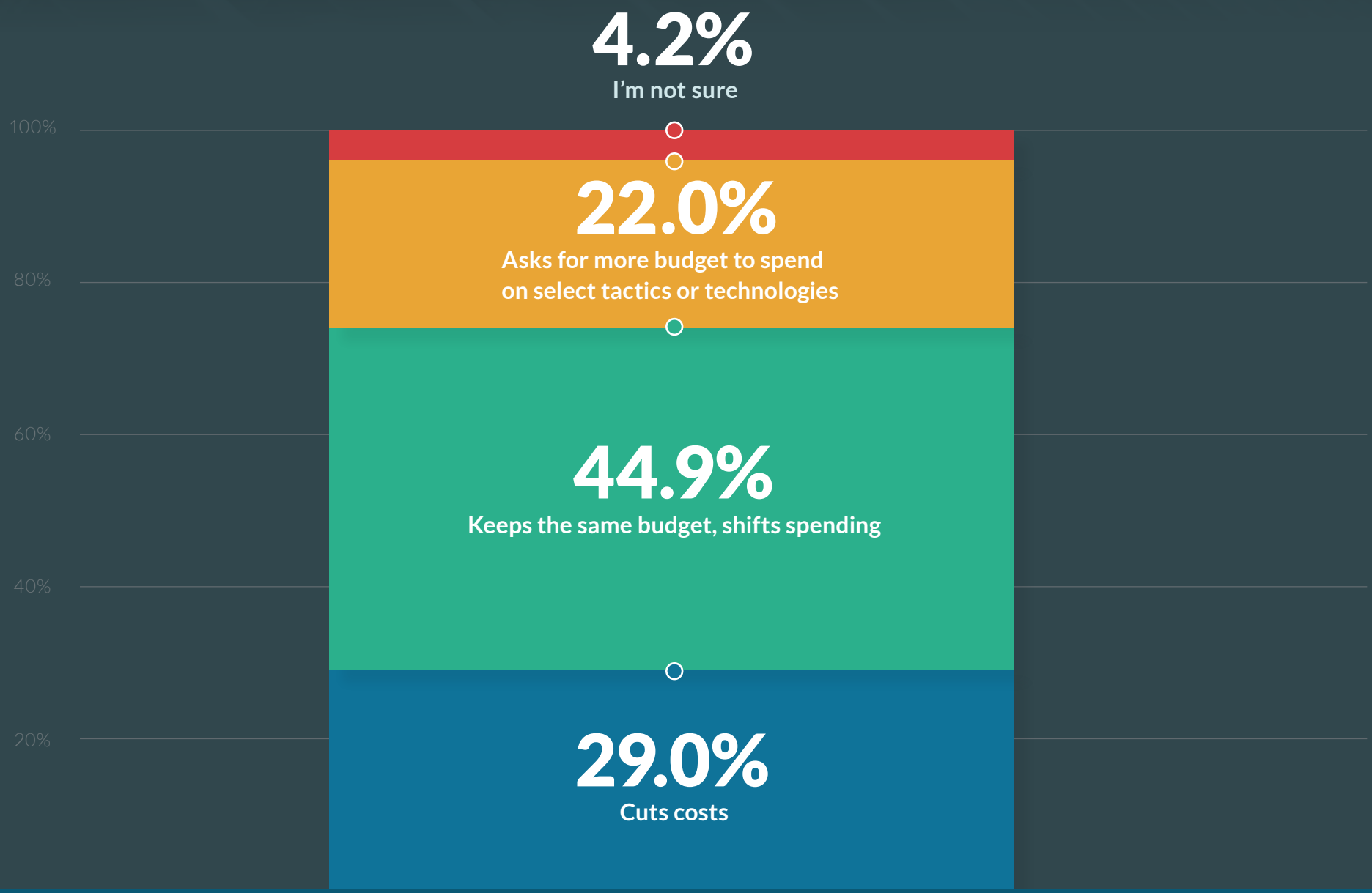
Please evaluate the following challenges faced by marketing as they work to contribute to meeting corporate business goals (profitability, sales, revenue, growth).

Average Score (Scale of 1-5, 1 being "Not a Challenge" and 5 being "Significant Challenge")

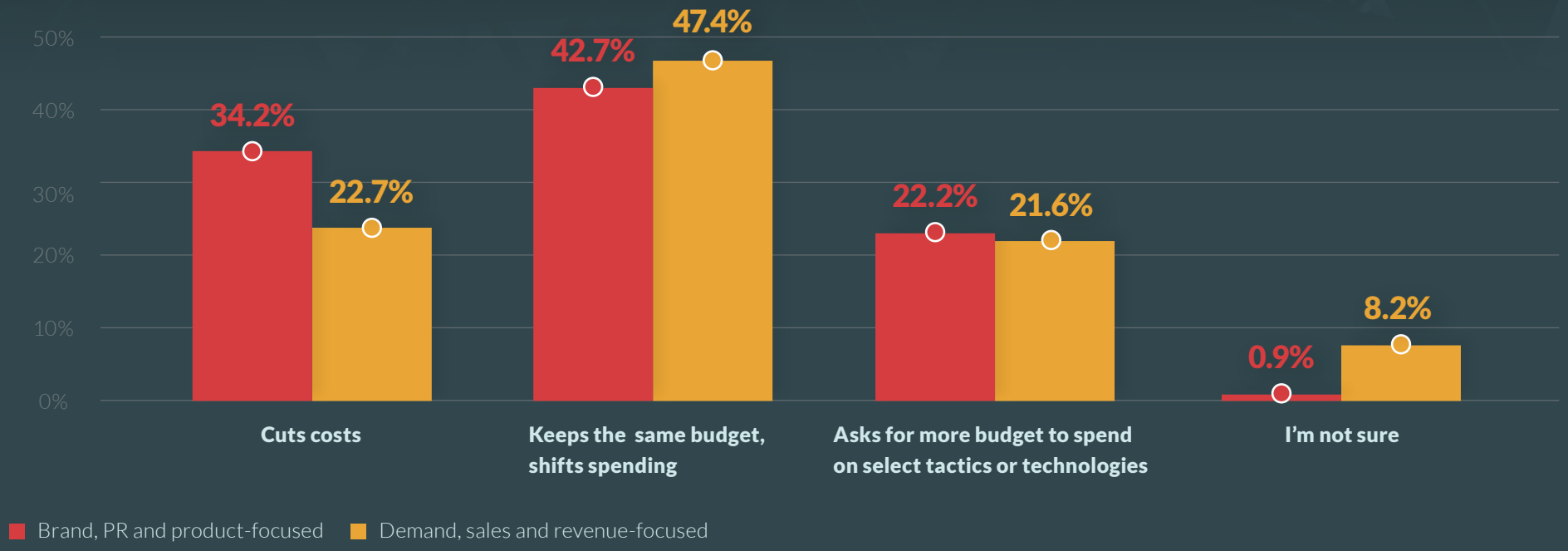


There was not much variation in the average ranking for challenges faced by marketing. "Lack of Time" is the most significant obstacle, but clearly all challenges are impacting marketing performance.

When tasked with improving marketing ROI, leadership typically takes the following step:



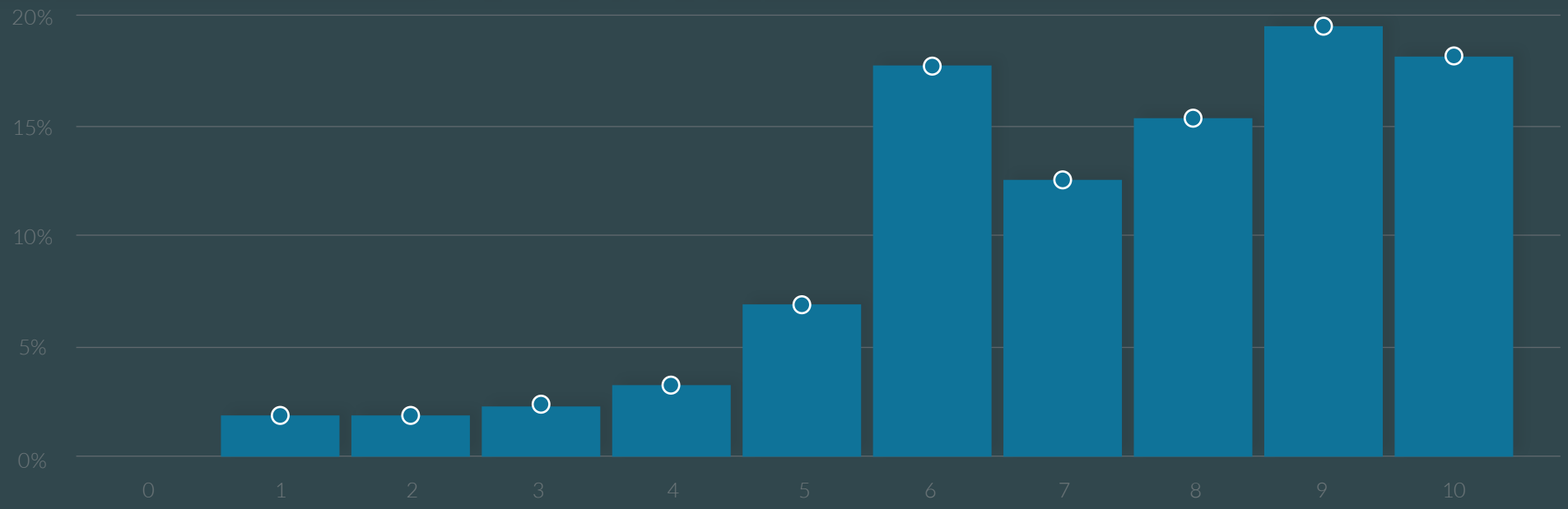
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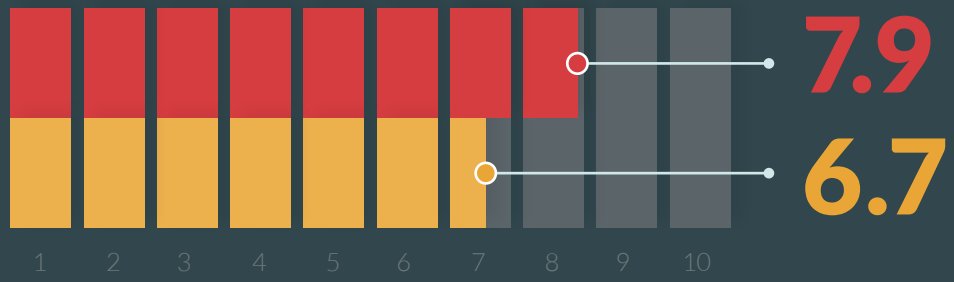


Optimizing marketing performance to improve ROI should be focused on investing in the activities that are generating the best results from a revenue perspective.

Almost 50% of demand-focused CMOs keep the same overall budget but shift spending. Our conclusion is that these CMOs are more equipped to analyze engagement channels that are driving higher revenue impact, so instead of cutting budget, they're able to be more agile in spending.

How effectively does marketing demonstrate the business impact/ ROI of their spending (Scale of 1-10)?





7.9

6.7

Brand, PR and product-focused

Demand, sales and revenue-focused

On average, brand-focused CMOs rated as more effective in demonstrating the business impact of marketing investments.

Regardless of CMO orientation, every company understands that Demand Marketing is vital to sales and revenue.

Budgets across the board are anticipated to increase or stay the same year over year, but these increases are not guaranteed to improve results.

Measuring and optimizing performance with revenue-focused KPIs across all marketing channels enables you to understand:

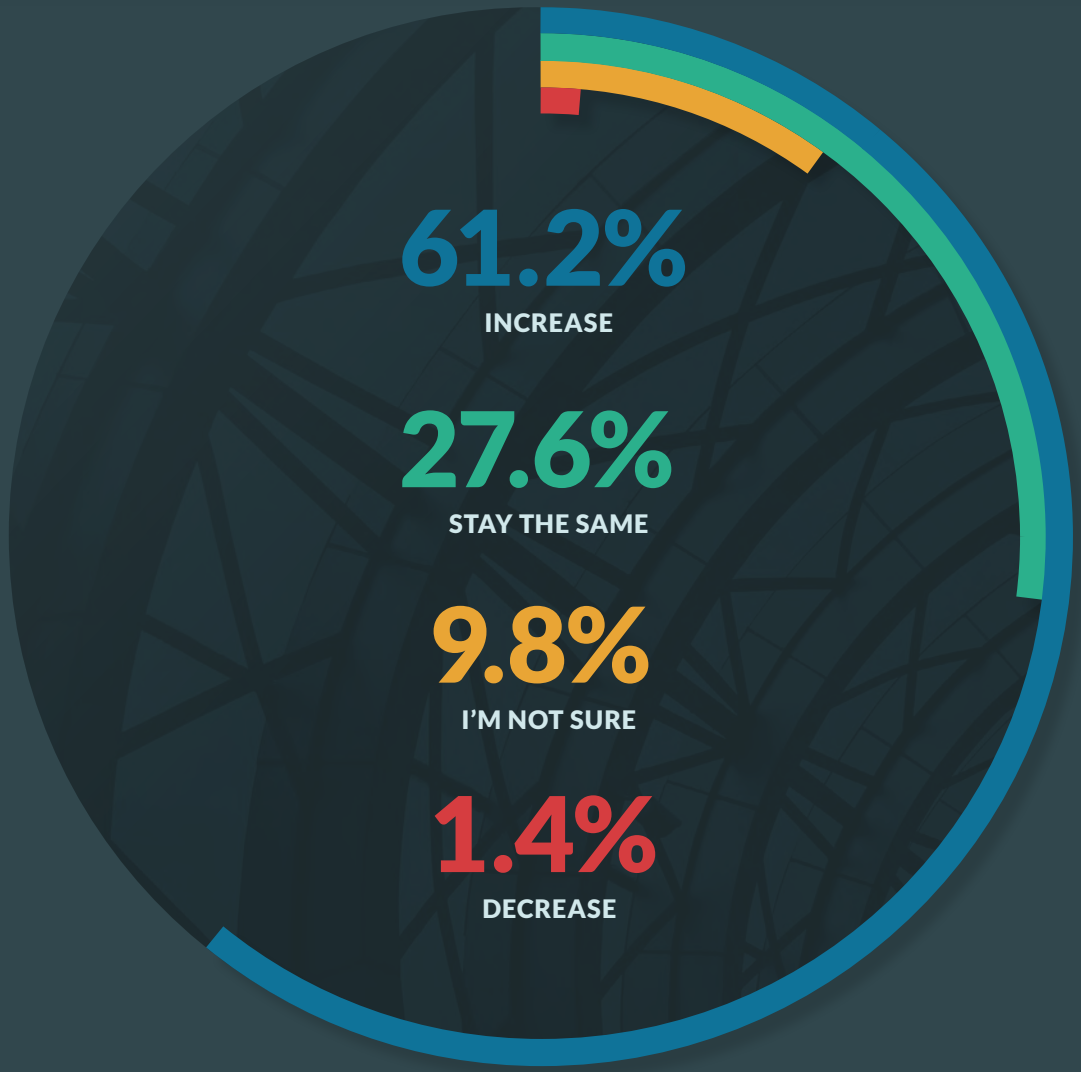
- Which channels drive the most qualified leads (that ultimately convert to sales).
- Which content assets are most effective at addressing buyer needs and converting prospects to customers.
- How to most effectively combine the right channels, content offers and tactics to drive revenue.

Over time, this allows you to spend less on underperforming campaigns and focus your sales and marketing on strategic investments that deliver the highest return.

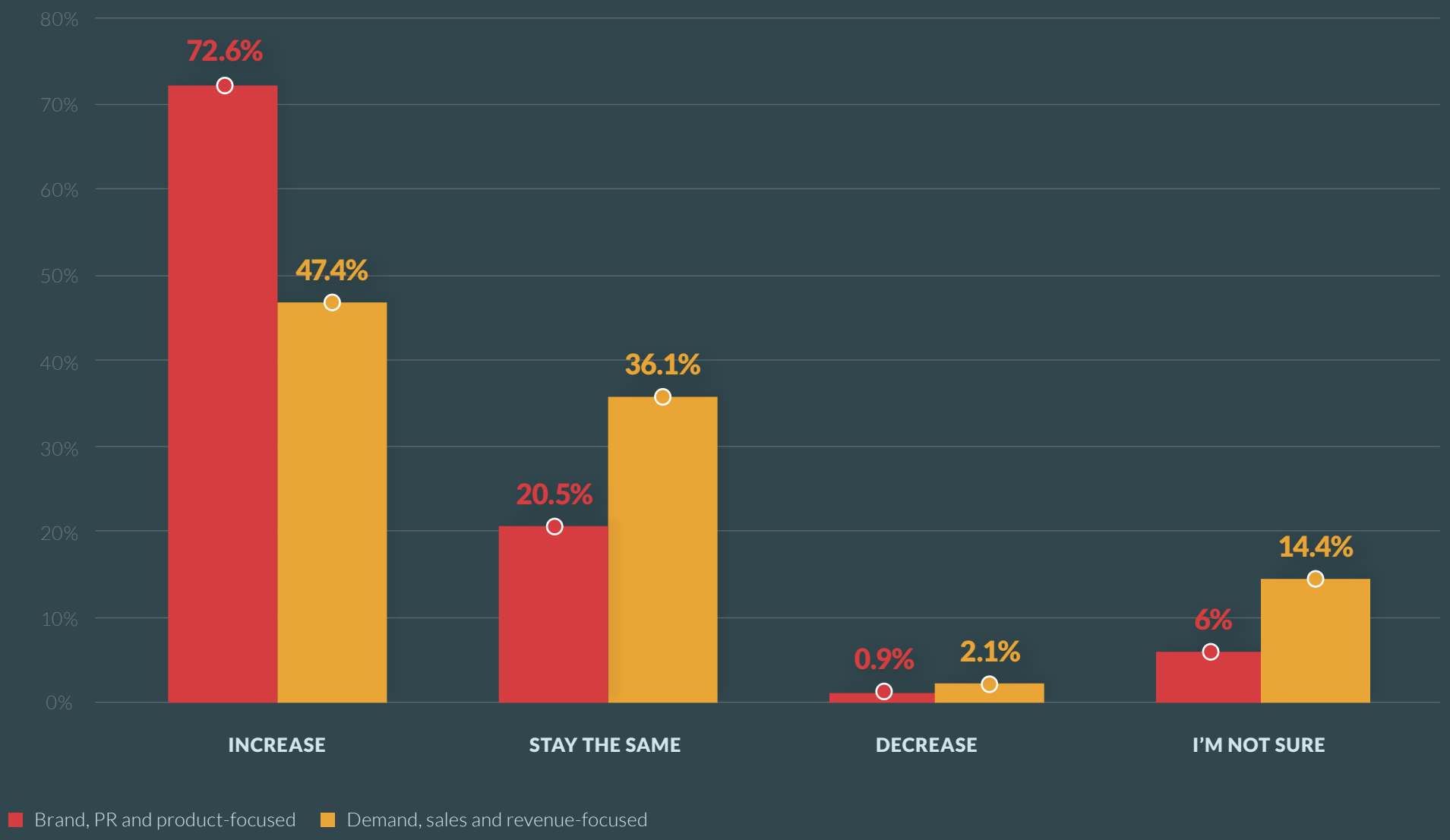
By aligning sales and marketing departments even further—they're already driven by dovetailing KPIs—organizations can create a buyer-centered approach to marketing. A buyer-centered system becomes one you can optimize where you:

- Engage buyers at the right place and the right time.
- Drive awareness.
- Perform continuous research on where buyers are in the journey/individual campaigns.

How will marketing's budget for Demand Generation change next year?



How will marketing's budget for Demand Generation change next year?



Conclusion

Across the board, the results make it clear that we need to be doing demand better.

This survey shows that the disconnect between leadership, sales and marketing is dangerously large. Marketing, in many organizations, has lost its purpose—to impact revenue—and business leaders' frustration is reaching a boiling point.

Traditional, tactical marketing activities have led to a state where we fail more than we succeed at creating meaningful connections with (and converting) prospects. So how do we fix it?

Building brand is crucial. However, shifting from a campaign-minded and "random acts" of marketing approach to one that is perpetual or "always on" helps organizations build their brand in a way that is more aligned to how buyers want to engage. A true Digital Demand Transformation solves the problem by operationalizing around the buyer and moving to a perpetual, customer-centric demand strategy. The foundation of best-in-class Demand Marketing is the buyer journey, and all interactions must be aligned thoughtfully between marketing, sales and leadership.

Activity metrics don't do anything to help the buyer in his or her journey; they only serve to make marketing look good. But a precise, measured focus on buyer-centric demand empowers marketers to succeed against revenue goals.

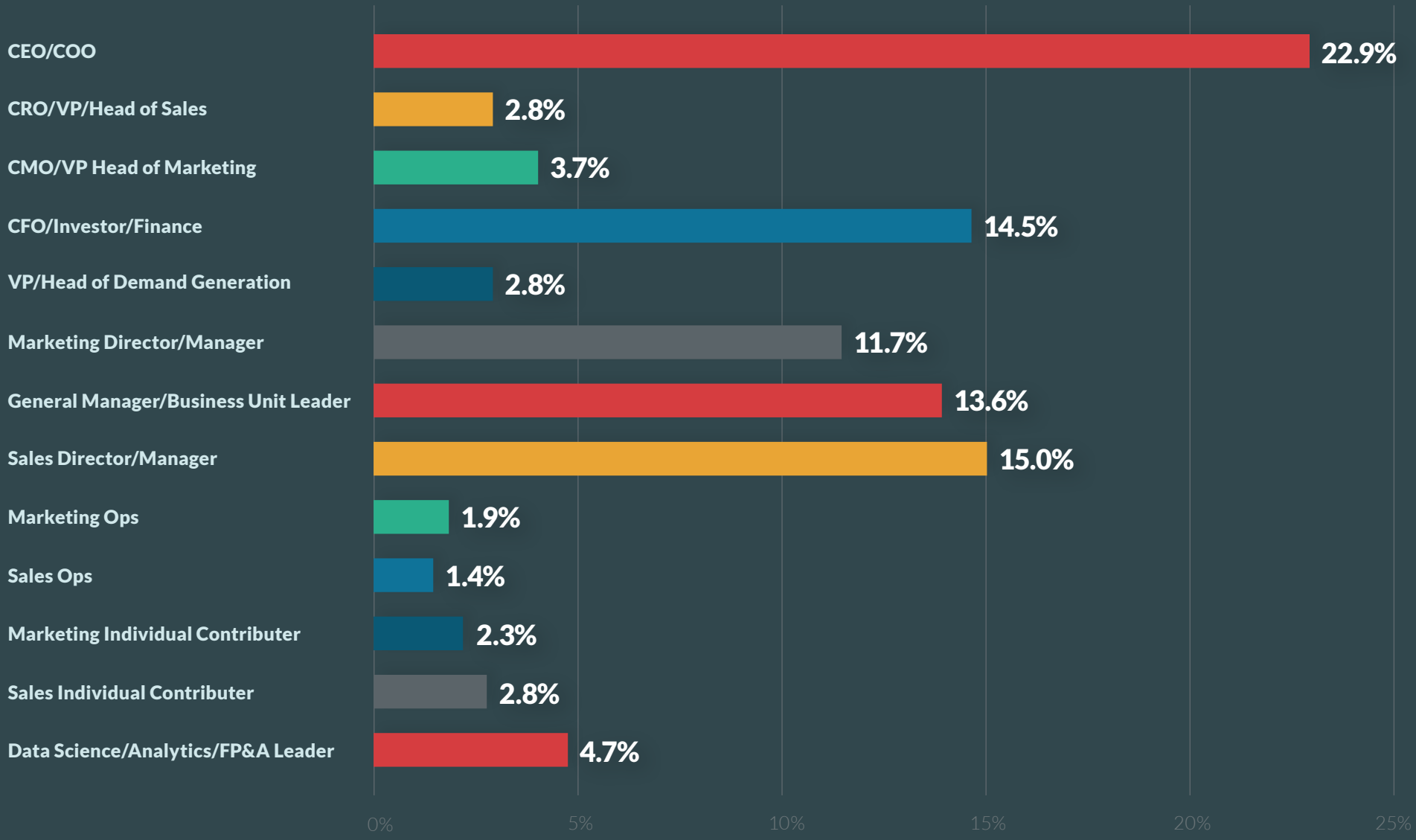
*ANNUITAS clients with mature, optimized Perpetual Demand Generation programs achieve lead-to-revenue results that are **4-10X** higher than industry averages. Talk to us today to start your Digital Demand Transformation journey.*

CONTACT US

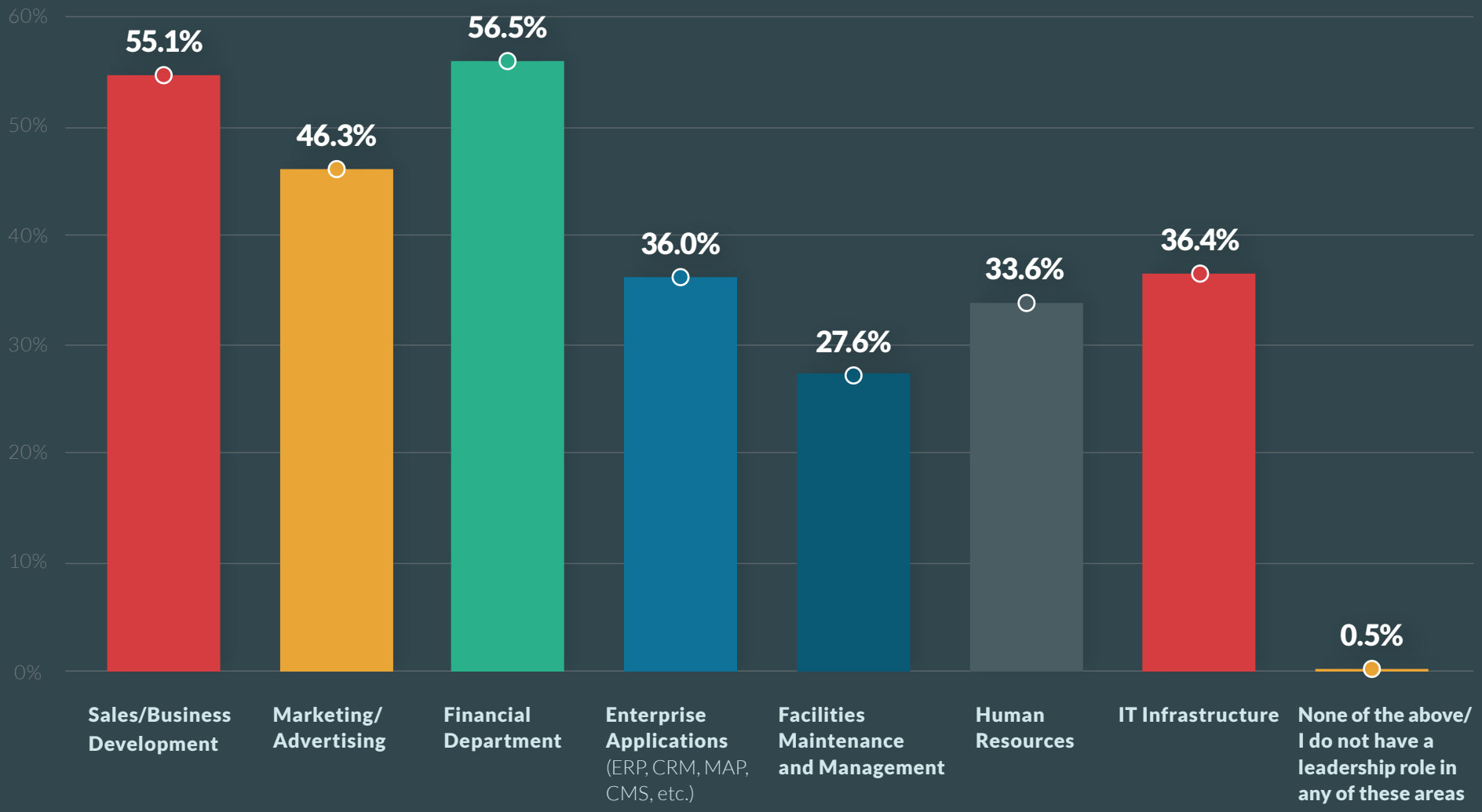
03

Survey Demographics

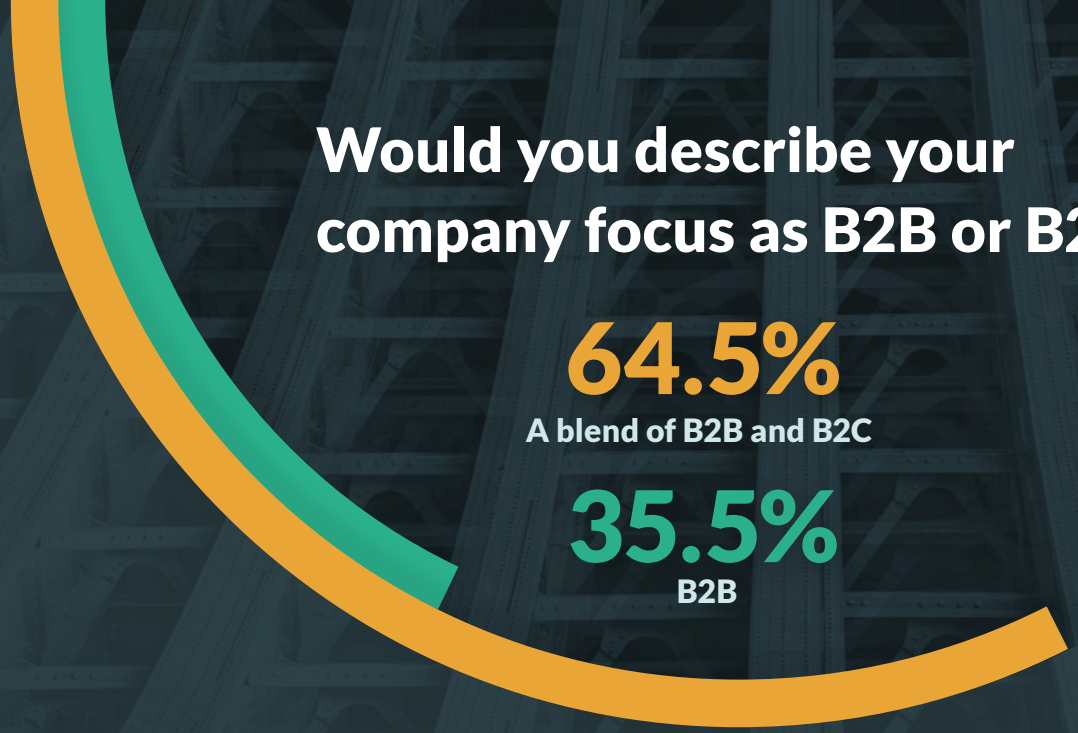
What is your role?



In what areas at your organization would you consider yourself a leader (key influencer or final sign-off responsibility for strategic decisions and purchases made in this department)**?**



Would you describe your company focus as B2B or B2C?



64.5%
A blend of B2B and B2C

35.5%
B2B

How would you describe your organization?



34.1%
Enterprise

32.2%
Small- to medium-sized business

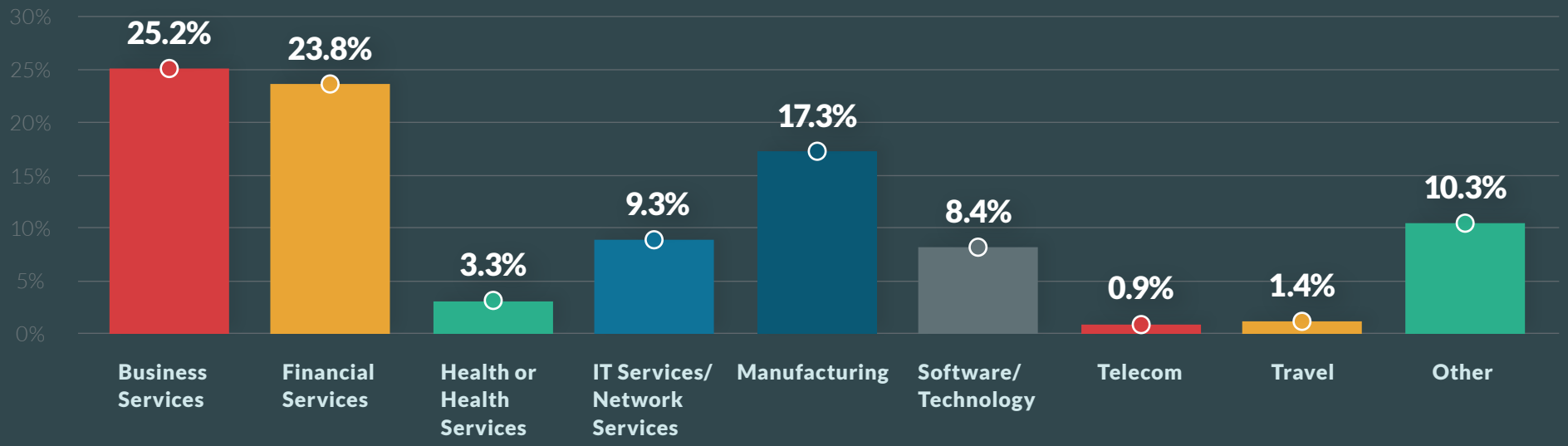
21.0%
Growth-stage startup (later stage in funding)

12.6%
Early-stage startup

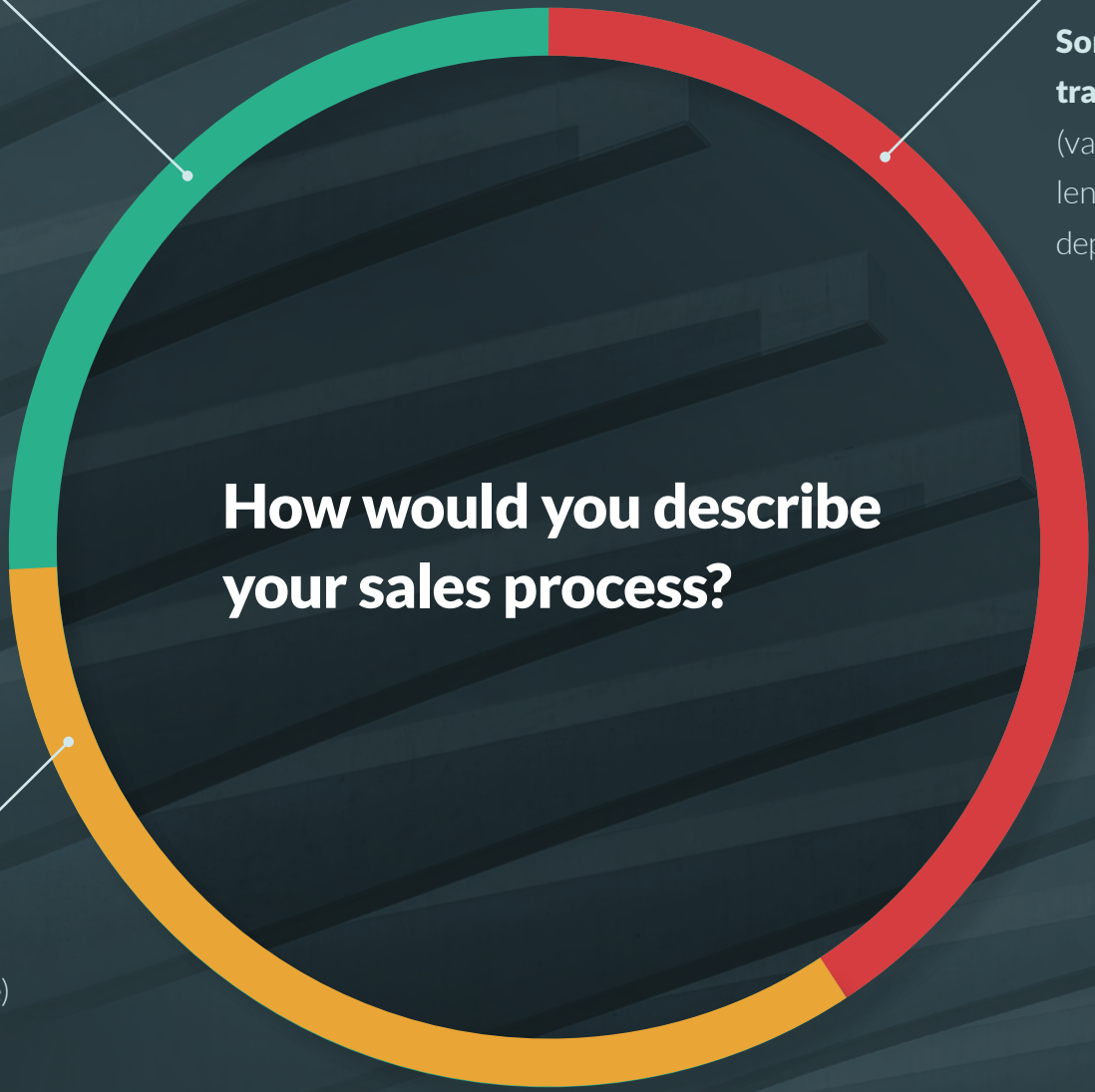
How many employees does your organization have?



What is your primary industry?



How would you describe your sales process?



25.7%

Mostly relational (longer sales cycle, higher price)

40.7%

Somewhere between transactional and relational (varied product service line, length of sales cycle and price dependent on what is being sold)

33.6%

Mostly transactional (short sales cycle, lower price)

About the Authors

ADAM B. NEEDLES

CEO and Principal, ANNUITAS

Adam is CEO of ANNUITAS, the leader in digital demand transformation. ANNUITAS helps marketing and sales leaders at enterprise organizations transform their demand marketing—developing buyer-driven Perpetual Demand Generation Programs and transforming their lead-to-revenue processes to drive profitable revenue growth and build sustainable brands.

Prior to this role, he spent four and a half years serving as Chief Strategy Officer and is the architect of the company's core Demand Process methodology. He previously was Demand Generation Evangelist for Silverpop and lead marketing for The 451 Group. He is the author of *Balancing the Demand Equation*, a book on strategic demand marketing.

Recently, Adam was named one of the 40 Most Inspiring Leaders in Sales Lead Management by Sales Lead Management Association and was named one of the 50 Most Influential People in Sales Lead Management in 2011, 2013 and 2014 by the Sales Lead Management Association.

LAUREN GOLDSTEIN

CRO and Principal, ANNUITAS
Co-Founder, Women in Revenue

Lauren is ignited by a passion for driving business outcomes with brands that are ready to define and deliver optimal buyer and customer-centric experiences. In her role as Chief Revenue Officer, Lauren helps marketing and sales leaders at enterprise organizations transform their demand marketing to drive profitable revenue growth and build sustainable brands.

Over her 25-year B2B marketing career, Lauren has partnered with some of the world's most respected and innovative companies, including Adobe, Airbnb, American Express, GE, Google, HP, IBM, LinkedIn, Microsoft, Oracle, Salesforce.com, Starwood Hotels, Xerox and dozens of others. Her experience includes insights-driven marketing, account-based marketing, marketing automation strategy and execution, sales and marketing alignment and B2B demand generation.

In 2018, Lauren cofounded Women in Revenue (www.womeninrevenue.org), a 501c3 organization built to empower current and future women leaders in technology sales and marketing roles with education, mentorship and networking opportunities.

Lauren has been a frequent speaker at B2B marketing and digital marketing industry events, including Marketing Profs conferences, Digital Marketing summits, Marketing Loves Sales Conference and other industry events, podcasts and webinars.



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About ANNUITAS

ANNUITAS is the leader in **Digital Demand Transformation**. We empower sales and marketing leaders to transform Demand Marketing. Making the shift from “random acts of marketing” to buyer-driven, “always on” personalized communication improves the customer experience while driving predictable and sustainable business growth.

We align people, process, content and technology around the buyer to deliver a blended set of capabilities you’d find with management consultants, B2B analysts, digital agencies and MarTech solutions integrators.

ANNUITAS clients with mature, optimized Perpetual Demand Generation programs recognize lead-to-revenue results that are 4-10x B2B industry averages.

We serve global enterprise and high-growth companies in the healthcare, financial services, manufacturing and travel industries. Our client roster includes Google, Dell Secureworks, JP Morgan Chase, Perkin Elmer and many more.

In 2018, we earned the distinction of Marketo Digital Services Provider of the Year and a place on the Inc. 5000 list of fastest growing companies..