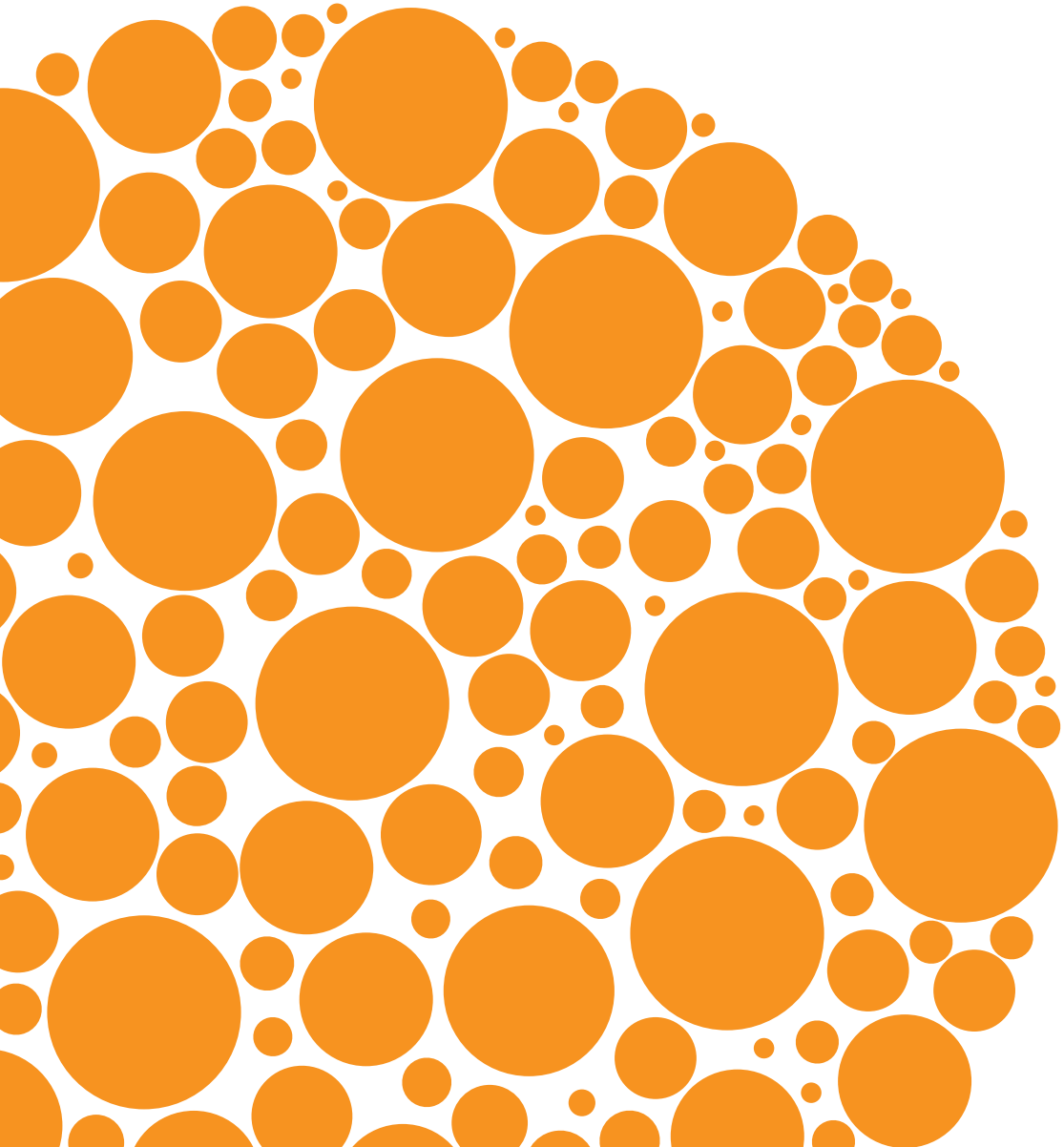
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Technology and the evolution of the marketing agency

A B2B Marketing Whitepaper

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Adapt or die: the evolution of the marketing agency

Back in 1975, Gordon Moore, one of the founders of Intel, observed the performance of personal computers was doubling every 18 months. This so-called 'Moore's Law' has provided, during our lifetimes, the foundation for one of the most significant and rapid developments in human history: the digital revolution.

By 2013, this digital revolution has transformed the way B2B marketers use technology and many marketers and their agencies are struggling to make sense of it all. In this paper we offer a way forward.

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Key findings include:

- Budgetary pressure and the emergence of social media channels, combined with changing buyer behaviours, have forced marketers to look for new ways to reach business buyers.
- Marketing automation technologies allow them to deliver timely, relevant content to buyers and deliver quality leads to sales, all on a large scale.
- Too few marketers have the skills or knowledge to maximise the return on these platforms and so increasingly they will rely on their agencies to provide a fully managed service. This requires agencies to adapt their propositions, services, and internal skillsets.
- The pace of change continues to accelerate and failure to adapt to this rapidly changing reality will be damaging for marketers and their agencies alike.

The digital revolution

In the early years of the 21st century, we saw a shift towards digital technology and communications mechanisms. More and more users shifted to cloud computing, Google's pre-eminence was established and both personal and business users became accustomed to using vast quantities of computing power at a standardised, scalable cost.

At the time, for many B2B marketers, this seemed like a dizzyingly rapid transformation, but seen in retrospect and compared to what has taken place since 2008, it now looks like a fairly gentle migration.

It is the effects of 2008-9 global financial crisis, coupled with the emergence of social media platforms, that has truly revolutionised the way B2B marketers use technology.

During 2008-9, it was hard to have a conversation with a B2B marketer that did not involve a discussion of how much their budgets had been cut. For the most part they remain under significant pressure to generate a return and demonstrate the relevance of their activities.

Indeed, according to B2B Marketing's 2012 *Marcomms Agencies Benchmarking Report*, by far the greatest challenge facing B2B marketing agencies is downwards pressure on clients' budgets. Fifty-six per cent of the 50 agencies surveyed cited this issue. Five years ago, this was far less of a problem for agencies than where to find quality staff (now only an issue for 6 per cent), but now it really is the burning issue of the moment: marketers need to produce and demonstrate a return on investment.

At the same time a host of new technologies have created new opportunities for those B2B marketers. Four years ago Forrester ran its first *Social Technographics For B2B Technology Buyers Survey*, and found a general scepticism shared among marketing executives regarding the value of social media for B2B customer engagement and its impact on the sales pipeline.

It repeated the exercise in 2012 among more than 6000 US and EMEA business technology decision-makers of various levels of seniority, roles, and industries and found a transformation in attitudes: more than 80 per cent of business technology buyers in the US and more than 75 per cent in EMEA now use social media for work purposes.

Marketing automation: the 'must-have' technology

The final piece of the jigsaw has been the rise of marketing automation. Not so long ago marketing automation was synonymous with plaguing people with email spam. However, in just a few years, marketing automation has become widely accepted by B2B marketers as a must-have sophisticated process of nurturing, scoring and then contacting prospects when they want to hear from you. It has become the platform on which B2B marketers can tether the potential of social media to existing channels and deliver the results and accountability on restricted budgets their boards demand from them.

Forrester's *B2B Marketers Must Better Prepare For Marketing Automation* report puts it this way: "For companies serving buyers that make high-consideration purchases, from medical equipment to advertising services, marketers need to communicate with potential buyers at every stage of their problem-solving cycle, providing them with information that is

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targeted to their needs, role, intent, and interest level. To manage this depth of engagement at scale requires marketing automation."

That was back in April 2011. If it was true then, it is even more so today. It is not only budget levels and available technology that have changed; buyer behaviour has also changed. Most importantly, buyers no longer wait for salespeople to approach them – they do their own research, and arrive at a salesperson already armed with information and questions. The challenge for marketers is to provide them with well-timed content that educates and inspires.

The upshot is marketers are racing to understand and use marketing automation. A year ago in its *B2B Marketing Trends And Predictions For 2012* report, Forrester wrote, "The confluence of several factors will cause automation technology to tip in 2012. Our surveys show that 19 per cent of B2B organisations are planning to implement marketing automation in 2012, and another 17 per cent are expanding their usage."

It continued, "Why? Price tags have come down due to intense competition; user interfaces have greatly improved in the past year; sales force automation has reached a saturation point, and companies want to get more from it; and dismal results from cold calling and unsolicited emails are pushing marketing and sales teams to adopt a lead nurturing approach."

A changed role for agencies

It is not only marketers who need to adapt to the fast-changing landscape – their agencies need to keep up too. They face pressure to become more digitally focused, demonstrating ROI to their clients, and ultimately matching the pace and volume of output that their competitors manage.

So, the role of the B2B marketing agency is changing in three key ways:

- They are now less focussed around the creative product or proposition, and more around these new technologies.
- Their work is less seasonal and event driven, and more focused on helping clients deliver a constant and consistent presence through various channels, including 'always-on' social media.
- They have an increased focus on delivering detailed data to marketers. This is not merely email click-through rates or the number of event attendees; it is also the amount of revenue generated and even predictions of future revenue generated for given actions. Agencies are increasingly talking business metrics rather than marketing metrics. This is a profound shift. It affects not only how agencies operate, but also how they are

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judged by existing and potential customers. In its *Interactive Marketing Agency Evaluation Framework* report, Sirius Decisions proposed five criteria by which marketers should evaluate their agencies: strategy, creative, demand generation, social media and reporting.

Thirty years ago, marketers sought only creative from their agencies. By the 1990s, they might have looked for strategic input and clear reporting. It is only recently they have expected their agencies to get involved in demand generation or to provide sophisticated reporting, and of course social media is a very recent innovation.

"Marketers go into automation projects thinking they can use their existing content to power lead nurturing campaigns but discover their content consists mainly of brochures, whitepapers and press releases"

The new B2B marketing agency: rising to the challenge

As client demands change so the agency must itself change. So what does the roadmap for this change look like?

1. Positioning

Too many B2B marketers invest in marketing automation to solve a tactical issue, but lack the technological expertise to realise the full strategic potential of their investment. The tendency of vendors to hype their systems as being 'simple to set up and run' exacerbates the problem.

Some marketers become disillusioned with marketing automation, but many look externally for support. Agencies that can offer a comprehensive managed service – running marketing automation platforms independently with little input, and delivering regular, comprehensive reports – are the ones clients will increasingly select.

2. Services

The automation of marketing programmes is about the rapid, large-scale delivery of appropriate content to relevant decision-makers. It relies on a large amount of quality content, but as Forrester noted, "Marketers go into automation projects thinking that they can use their existing content to power lead nurturing campaigns but discover that their content consists mainly of product brochures, technical whitepapers, and press releases. If they only push this type of content out in campaigns, they push their audiences away, since business buyers have a low tolerance for commercial messages."

Content planning, creation and management is a growth area for agencies, and many of them are building capability in unfamiliar areas such as: communication planning; social monitoring and troubleshooting; measurement and analytics; and reporting.

3. Skills

Typically, agencies have hired creatives who provide the sparks that bring client strategies to life, and account handlers with communication skills to bridge the gap between those ideas and strategies.

However, this is fast changing and we now see a new breed of agency developing or recruiting new skills, focused around technology and data, rather than creative and communications.

"A startling 13 per cent of marketers only produce random acts of marketing with very little strategy. This is not outsiders criticising marketers, it is their own assessments of their levels of sophistication"

Tomorrow's point of competitive difference

If Moore's Law continues to hold true then we can expect to see technology having an ever greater impact on marketers and their agencies, and the automation landscape evolving even faster. To give just one example of what lies ahead, Marketo has recently released its Programme Exchange tool, on which marketers can share campaigns. Other marketers can take the campaign structure, insert their own content and produce work for their clients even faster and at lower cost than before.

There is a great opportunity here for those agencies who act now. Whether it is marketing automation, revenue performance management, or another one of the terms used to describe this high volume, low cost, closely targeted delivery of relevant and timely content, there seems little doubt it is the future for the B2B marketing agency. But surprisingly few on either side of the client/agency divide seem to have realised this.

B2B Marketing's June 2012 *Revenue Performance Management Report* revealed only nine per cent of marketers are very familiar with, and regularly use, the term revenue performance management. Thirty-two per cent had never heard of it and 28 per cent had heard of it but didn't understand what it means.

The same report revealed only 20 per cent of marketers efficiently design, execute, measure and reuse optimised programmes across multiple channels. Forty-three per cent have a strategy but say it requires a lot of manual effort. A startling 13 per cent only produce random acts of marketing with very little strategy. Bearing in mind this is not outsiders criticising these marketers – it is their own assessments of their levels of sophistication – it is clear there is much to improve.

Many marketers remain stuck in the dark ages, and rely on agencies to help them emerge from it. The marketers who fail to do so will soon find their brands, companies or job are marginalised. As a necessary effect of this, the agencies that embrace this new technology now will soon find themselves in possession of a point-of-difference that few potential clients will be able to resist.

Six questions to ask your vendor

It is one thing for a B2B marketing agency to decide to invest in a marketing automation platform, it is quite another for that agency to select the right platform. If you are considering making this investment here are six questions for you to ask vendors:

1. How credible are you?

- What do analysts, such as Gartner and Forrester, say about you?
- What case studies of similar organisations to mine can you offer me?
- Which customers can I approach for references?

2. How frequently is your software updated?

- What percentage of your revenue do you reinvest in development?

3. How many languages does your platform support?

- Will I be able to run my regional campaigns?

4 . What support do you offer around installation, training and support?

- What community-based support is available?

5. What financial packages are available?

6. What innovations do you have planned for the future?

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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: 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 Amex, Barclays, Cisco, Dell, Fujitsu, IBM, KPMG, Nokia, O2, Oracle, Orange, SAP, Thomson Reuters, Vauxhall UK, and many more.

Research and reports: A library that houses the best in B2B practice, in-depth practical guidance and research into specific channels or industry issues.

Training and events: Highly-focused events 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 (0) 20 7269 6592 to find out more.

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

About Marketo



Marketo uniquely provides easy-to-use, powerful and complete marketing software that propels fast-growing small companies and global enterprises alike. Marketo® marketing automation and sales effectiveness software – including the world's first integrated solution for social marketing automation – streamlines marketing processes, delivers more campaigns, generates more win-ready leads, and dramatically improves sales performance. With proven technology, comprehensive services and expert guidance, Marketo helps thousands of companies around the world turn marketing from a cost center into a revenue driver.

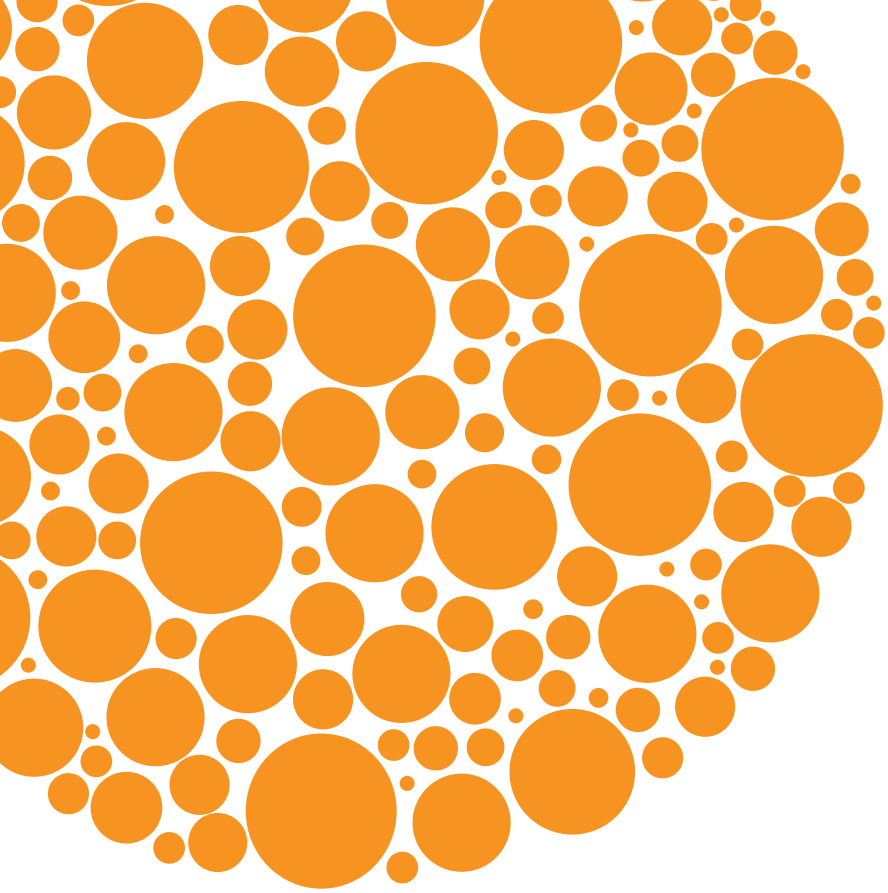
Known for providing breakthrough innovation and fueling explosive growth, Marketo was recently named one of "America's Most Promising Companies" by Forbes, the #1 Marketing Software Vendor on the INC 500, and the #1 fastest-growing private company of 2011 by the Silicon Valley Business Journal. In both 2011 and 2012 the company received the CRM Market Leaders Awards Winner for Marketing Solutions by CRM Magazine. Salesforce.com customers also honored the company with two AppExchange Best of '11 Awards, for Best Marketing Automation Solution and Best Chatter Exchange.

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