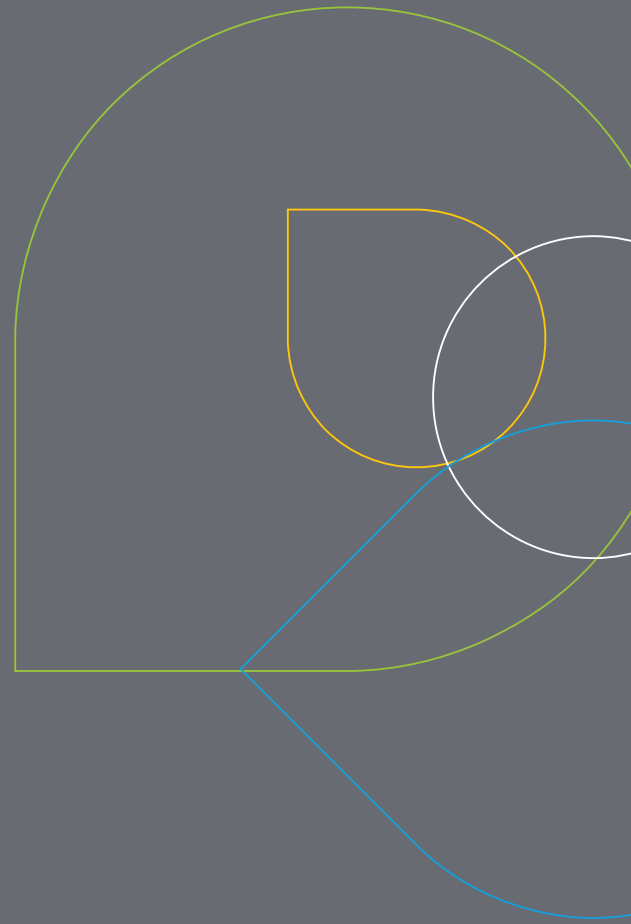


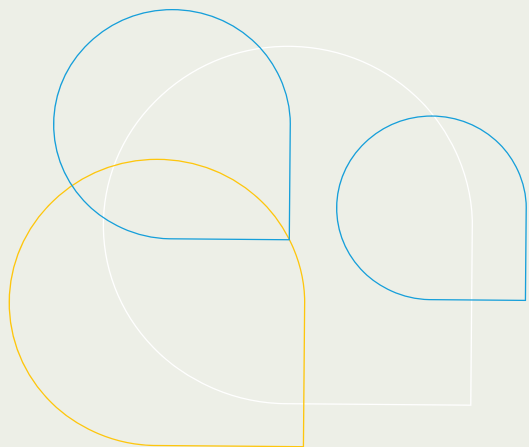
SPARKS GROVE RESEARCH ABSTRACT  
WINTER 2013



# A Reinvention of B2B Marketing

## The Impact of Partnership on Enterprise Growth

Large B2B marketing organizations are evolving to address market challenges, competitive threats and changing consumer behavior. This study examines the status of Marketing's reinvention and finds a surprisingly uneven commitment to creating real change.



## EXECUTIVE SUMMARY

Business-to-Business (B2B) companies recognize that an evolution in marketing is necessary to adapt to today's external forces. This study, jointly conducted by Sparks Grove and Econsultancy, identifies four distinct types of B2B companies. The four types are defined by Marketing's functional responsibilities and Marketing's relationship with Sales.

Within this continuum we see the **Sales Led** organization and the **Marketing Led** organization. Both have unique challenges and limit the contributions possible by the corresponding function.

Two-thirds of responding B2B organizations classify themselves "in the middle" of this spectrum with some form of partnership between Sales and Marketing. Our study, however, reveals that more than half of these organizations mistakenly believe that their arrangement maximizes the value of their marketing function, when in fact Marketing is often hindered from contributing to meaningful growth. We've labeled these organizations **False Partnerships**.

Our findings shows that **True Partnership** organizations (in which there is joint contribution and accountability between Sales and Marketing) are significantly more likely than their **False Partnership** peers to enjoy substantial company growth.

We find within **True Partnership** companies, Marketing has revenue responsibility and plays a lead role in customer insights, lead generation, innovation, customer experience, and product/service development.

Study findings also suggest that, over time, **Sales Led** and **False Partnership** organizations' performance will deteriorate further.

Those companies that recognize the implications presented by the *2013 Reinvention of B2B Marketing* Study and respond to the need for reinvention can take full advantage of the expertise and impact of the Sales and Marketing functions.

## EVOLUTIONARY FORCES

Recent years have shown that few industries or entities are immune to disruption. The Global Financial Crisis of 2008 constricted credit markets, significantly reduced demand and created immense efficiency pressures, leading many seemingly stable organizations to explore new solutions to old problems in order to survive. These effects, combined with digitalization's impact on how businesses research, evaluate, source and purchase goods and services, has finally put the reinvention of the B2B marketing practice on the table.

This report explores what Marketing's reinvention offers B2B enterprises, what's standing in the way of reinvention in most organizations and, most importantly, how to overcome those obstacles.

## EXPECTATIONS & CHANGES

Our study findings reveal that leaders in B2B organizations aren't unaware that the ground is shifting. There is a strong marketing evolution movement in B2B across industries and sectors. 90% of respondents to *The 2013 Reinvention of B2B Marketing Study* believe that marketing can contribute more to the enterprise, but the way in which companies choose to react varies greatly.

**A central finding to our research is that many organizations believe that they have built a new foundation for marketing, but have merely carpeted over a hole in the company floor.**

## FOUR TYPES OF B2B ORGANIZATIONS

We find the relationship between Sales and Marketing is fundamental to determining the scope and impact of organizational change.

Using this filter, we identify four organizational models; delineated by Marketing's responsibilities and relationship with Sales (shown in Figure 1 on page 4).

While 66% have made, or are taking steps, to evolve marketing in some capacity, their progress is uneven at best. Some have made small tweaks to responsibilities, while others have made significant progress in transforming marketing's contribution.

**Sales Led** companies (34%) follow a traditional model, with marketing playing a useful, but supporting role. At the other end of the spectrum, there are a small number of **Marketing Led** companies (8%) where marketing is responsible for predicting and driving revenue growth.

It's the majority (58%) in the middle however, that are the most interesting. These organizations see themselves as having some degree of Sales and Marketing partnership. **But not all partnerships are created equal.**

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*"About five years ago we saw that revenues would go off a cliff if we didn't move our face-to-face services online and try to maintain value and pricing. That's marketing's world, not sales."*

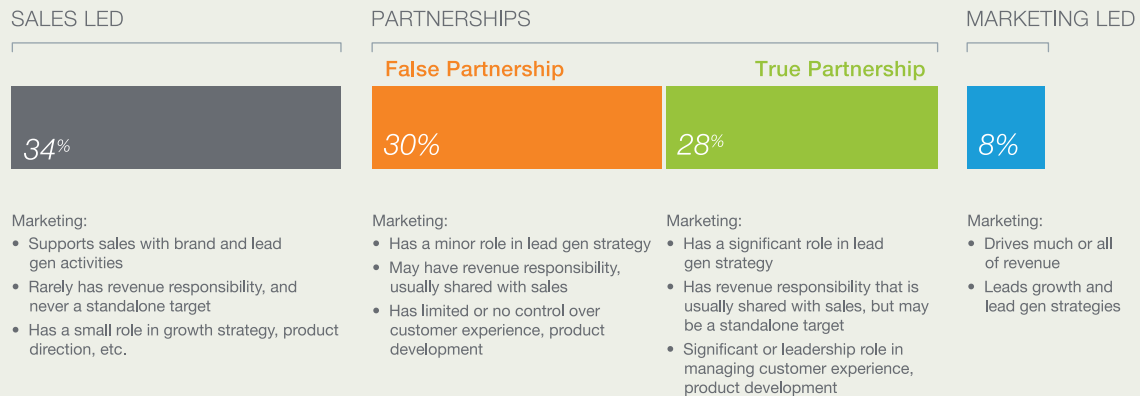
-B2B EXECUTIVE LEADERSHIP, FINANCIAL SERVICES, \$1B+ ANNUAL REVENUE

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Roughly half of all partnerships describe their marketing departments as having a broad role and revenue mandate, but our study finds that they lack sufficient ownership and accountability to fulfill it (**False Partnerships**).

In **True Partnership** organizations (also close to half of all partnerships and 28% of the total sample) marketing has the responsibility and capabilities that match its accountability.

FIGURE 1: B2B COMPANIES – FOUR TYPES OF ENTERPRISE ORGANIZATIONS



Source: Sparks Grove/Econsultancy 2013 Survey of B2B Marketers

## IMPACT OF EVOLUTION: GROWTH REQUIRES TRUE PARTNERSHIP

As shown in Figure 2 on page 5, **Marketing Led** companies sit on the extremes of high growth and falling revenue. We find this risk/reward profile may be in some ways structural (many of these companies are built on a digital or ecommerce model) or marketing’s evolution may have directly followed strong revenue decline. **We believe this model may be uniquely appropriate in rare instances only.**

**Sales Led** companies generally experience more stability, but they are also less likely to enjoy high growth. Over half of them (52%) sit comfortably in the growing slowly category. This perceived stability may discourage these organizations from pursuing healthy evolution of their go-to-market functions.

The performance of the Partnership companies varies substantially. **True Partnership** companies are 40% more likely to be growing quickly than

their **False Partnership** peers and 27% more likely to be growing quickly than **Sales Led** companies. Conversely 22% of **False Partnerships** are mired in stability (compared to only 13% of **True Partnership** companies).

**We believe the appropriate target and aspiration for the vast majority of B2B companies is the True Partnership model.**

## TRUE PARTNERSHIP MARKETING FUNCTIONS

Critical factors to marketing’s evolution include marketing’s relationship with revenue and its influence over customer-facing functions beyond promotion and acquisition. Marketing functions in **True Partnership** companies stand out in many ways:

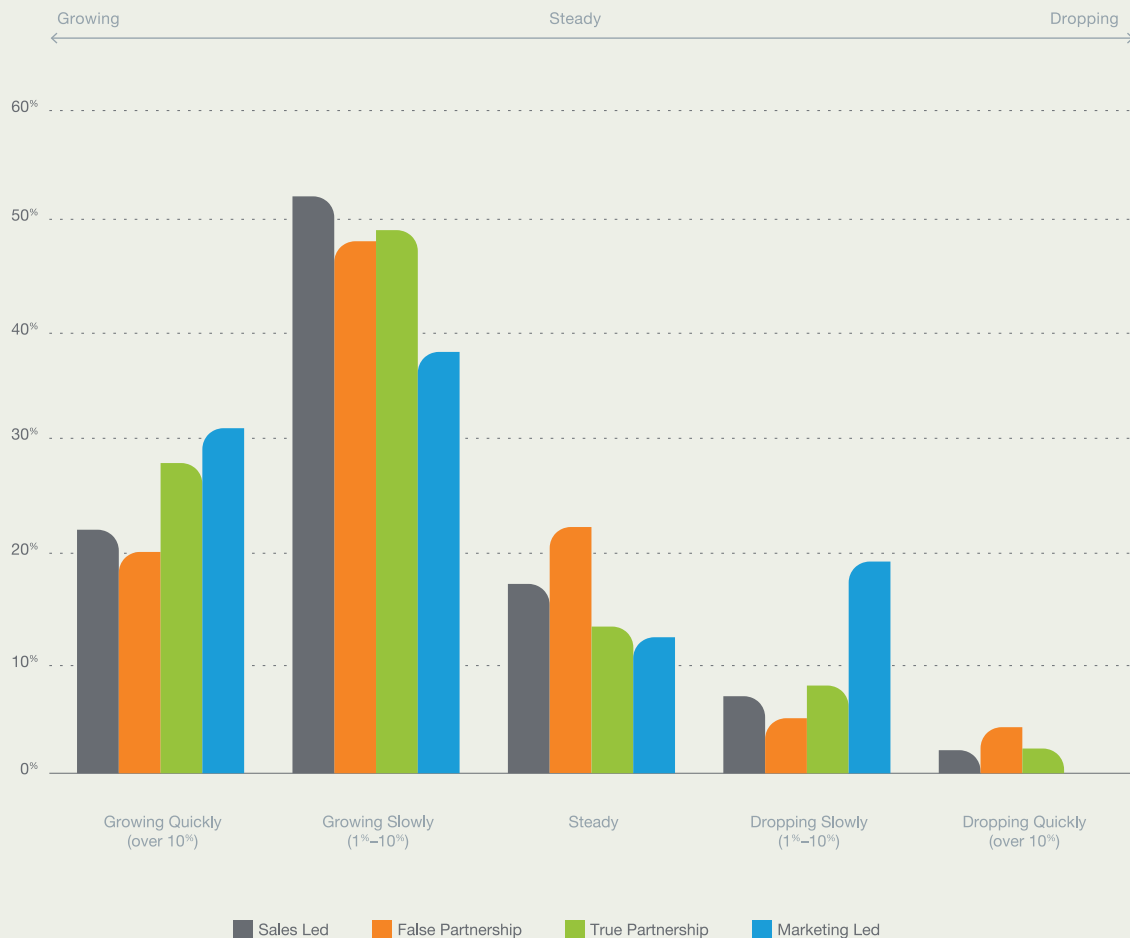
- **Far more likely to own customer experience management** than their False Partnership peers (60% vs. 25%)

- ▶ **Far more likely to own new product development** (70% vs. 31%)
- ▶ **Have ownership of customer research and insights** (76% vs. 50%) and
- ▶ **Much more likely to actively embrace sales support efforts** rather than downplaying those responsibilities (72% vs. 55%).

## THE PATH TO REINVENTION & GROWTH

Our study finds that organizational reasons for enacting change in the marketing function vary, but common catalysts include realization of a changing customer value proposition, new executive leadership and competitive pressures.

FIGURE 2: THE DANGER OF SLOW GROWTH – REVENUE GROWTH BY MARKETING ORIENTATION



Source: Sparks Grove/Econsultancy 2013 Survey of B2B Marketers

Our analysis also reveals that marketing requires executive sponsorship to build the case for transformation. Interviews, marketer comments and survey analysis strongly suggest that successful reinvention requires more than an intellectual reason for change but a true cause or catalyst that can inspire action and long-term organizational commitment.

*The full 2013 Reinvention of B2B Marketing Study, available to Sparks Grove and Econsultancy clients and research webinar participants, provides recommendations and specific actions related to marketing reinvention for all organizational types.*

## CONCLUSION

Growth in the B2B environment will require actively enabling the Marketing function in order to allow it to provide value in line with its full potential. This ultimately means providing a seat next to Sales at the B2B executive round table and a **True Partnership** between those functions. The mark of a **True Partnership** includes Marketing accountability for revenue; ownership of customer insights, new product/service and digital innovation for the organization; and strong enablement of the sales force and sales function.

Those organizations lacking this fully developed partnership must inspire change by recognizing the environmental and customer indications of need and creating a meaningful call to action.

Those who evolve and reinvent Marketing—in order to empower both Marketing and Sales—will be the companies that experience lasting growth and differentiation.

## THE STUDY & METHODOLOGY

The findings and associated recommendations in this paper originate from a joint study conducted by Sparks Grove and Econsultancy in late 2013.

The study was initiated as a result of Sparks Grove's observations of differing B2B client marketing responsibilities and Econsultancy's recognition of the digital impact to B2B marketing practices. Both organizations determined that a study to evaluate the status, drivers and opportunities arising from B2B Marketing's evolution could provide significant value to our respective clients.

The study included interviews with senior B2B marketing leaders and an online survey of over 425 enterprise-level B2B marketers. Responses from marketing decision makers at a manager level and above in organizations with annual revenue greater than \$250 million were included. Study participants represented a cross-section of industries including financial services, media and entertainment, healthcare, and retail, among others.

This sample allows us to view the data at a confidence level of 95%, with a margin of error of +/- 4 percentage points.

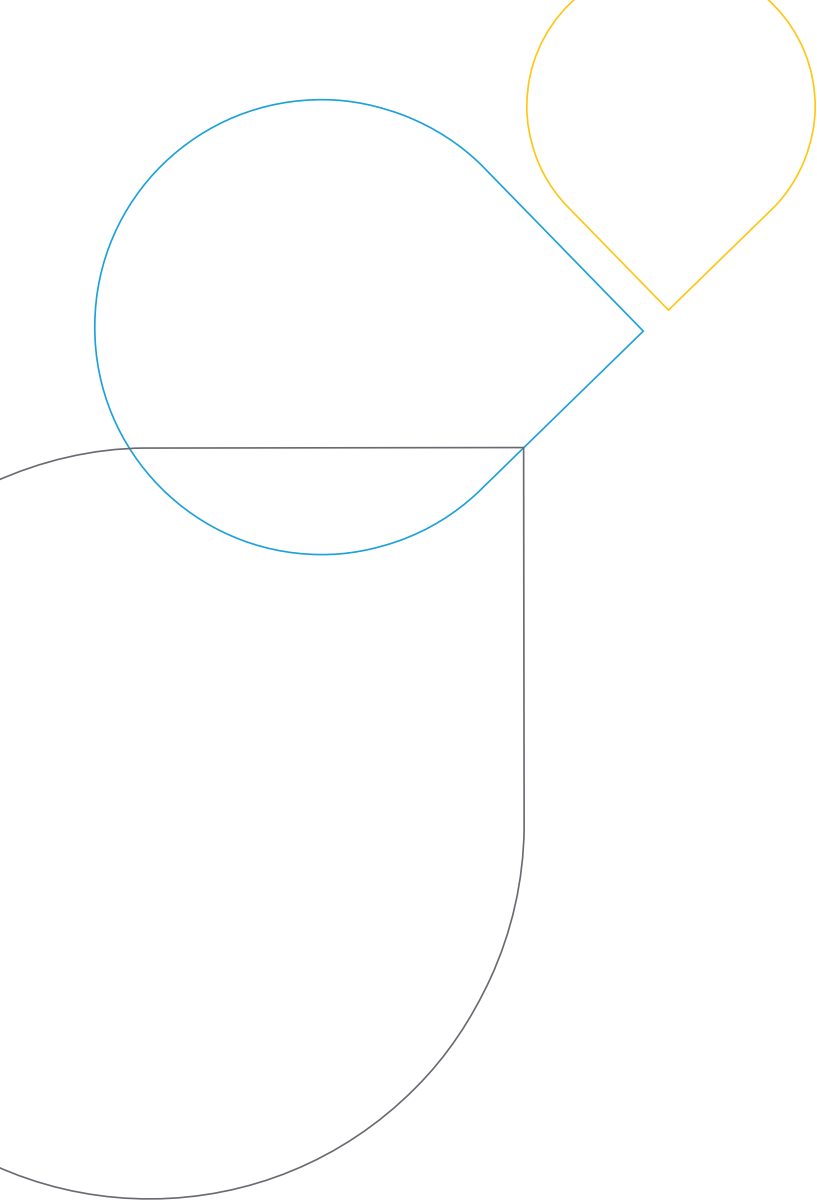
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## FULL RESEARCH RESULTS

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This abstract contains summary level data and interpretation of a more extensive and detailed research report available to Sparks Grove and Econsultancy clients.

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## ABOUT SPARKS GROVE

Sparks Grove is an innovation agency that integrates marketing, design, and technology. We create predictive and disruptive solutions to help the world's largest brands realize what's possible. Sparks Grove is a division of North Highland, a global management consulting firm with unparalleled strategy through execution capabilities.

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Econsultancy helps clients achieve digital marketing and ecommerce excellence through access to intelligence and capabilities development resources. These include premium subscriptions, research, training and elearning, consulting and events. Founded in 1999 and with over 200,000 registered users worldwide, Econsultancy is a leading authority in its field.

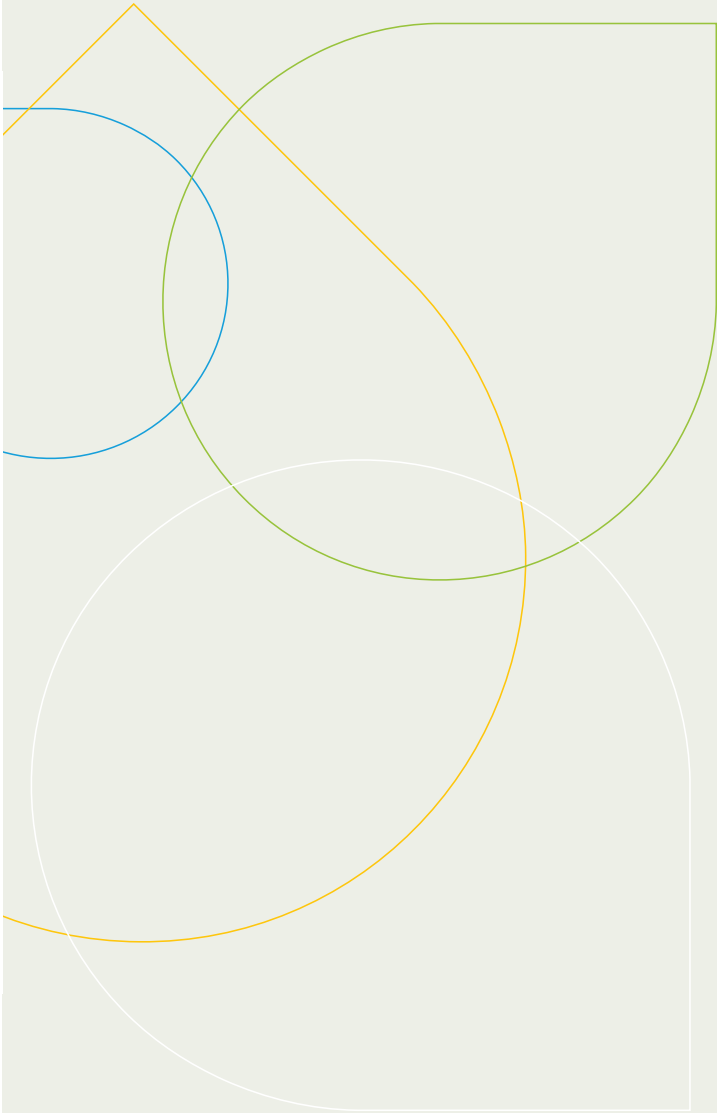
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