THE B2B MARKETING REVOLUTION™

A BATTLE PLAN FOR GUARANTEED OUTCOMES

LORI TURNER-WILSON

Most middle-market B2B companies earn a $3:$1 or $4:$1 MROI. According to the responses, leadership is satisfied, but not highly satisfied, with that MROI. Moreover, most companies work with an agency partner to generate that performance. While satisfaction rises when the agency partner guarantees MROI, most B2B companies do not partner with one that offers a performance guarantee of any kind. And yet when selecting a future agency partner, leadership cites performance accountability and marketing guarantees as the top two factors that will drive that decision.

So why don't senior leaders actually demand performance accountability and guarantees?

Most senior leaders cite the degree of market competition as the primary reason that they believe marketing teams (whether internal or external) are unable to predict outcomes. Consequently, while they agree that they definitively would be more likely to partner with an agency that offers a guaranteed MROI, they believe the current overarching industry claim that it's not possible. When asked why they believe most marketing agencies don't offer a results guarantee, respondents answered that it's too risky for the agency and it's impossible to predict marketing outcomes. I would argue that the first is an excuse and the second, a myth. These excuses are what most traditional agencies tell their clients because they are (understandably) nervous about leveling up their accountability and, more importantly, they don't have to because clients do not yet demand it.

Middle-market B2B leaders: Make today the day that you raise your expectations.

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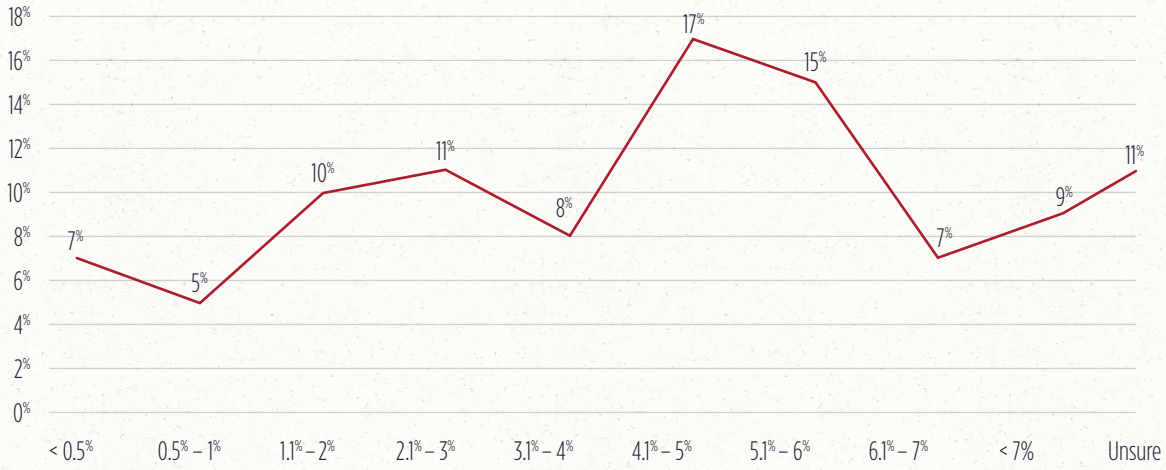
Annual Marketing Investment

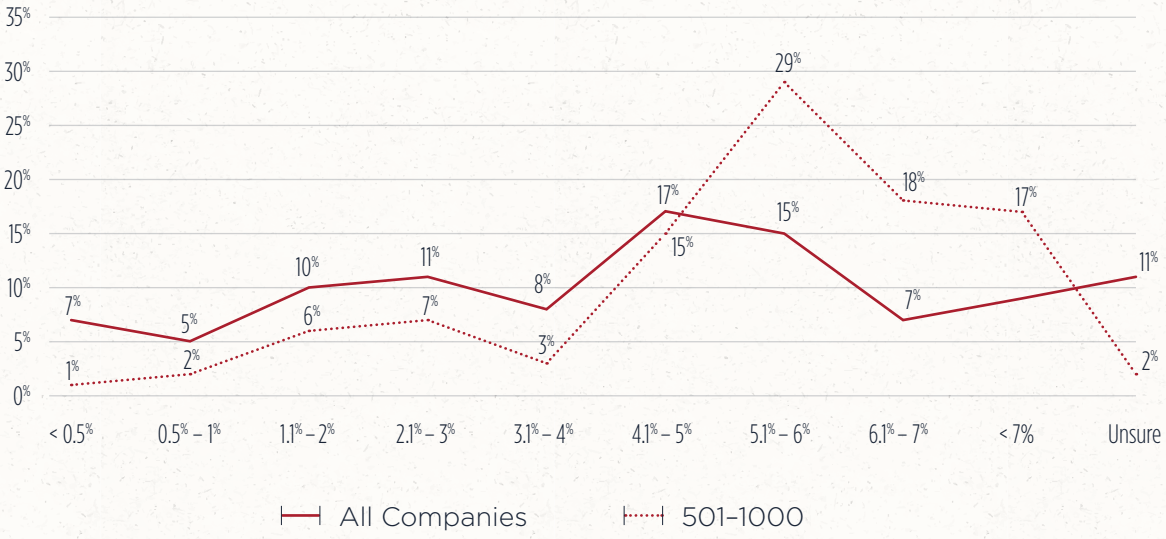
The responses received show that nearly half of middle-market B2B companies spend at least 4 percent of revenue annually on marketing; 16 percent spend more than 6 percent. For companies with 501 to 1000 employees, nearly 80 percent invest at least 4 percent of revenue in marketing, and the majority reach marketing investment in the 5 to 6 percent range. This increased spend holds true for companies with 1,000+ employees as well. B2B companies seem to understand the crucial role of marketing and align their dollars accordingly.

Of note: Eleven percent of respondents aren't sure what percent of revenue they invest in marketing! Many B2B companies face this lack of clarity in marketing returns. If you're in that camp, this book can help you.

Approximate Revenue Invested in Marketing



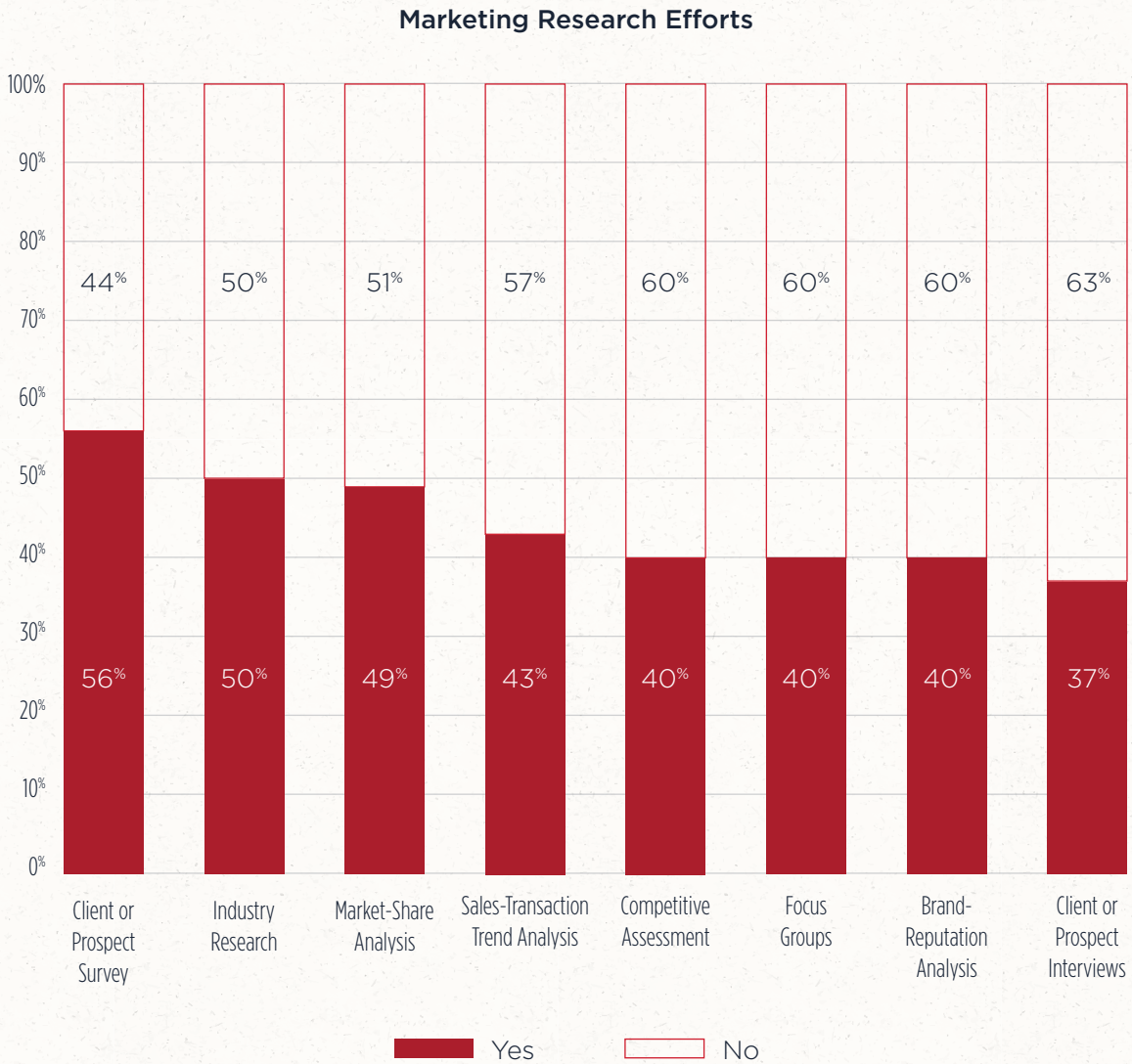
Marketing Investment by Company Size



Favored Marketing Research Efforts

Respondents were asked to "select all" from a list of the most crucial market research efforts that B2B companies should be executing. Customer or prospect surveys ranked highest with 56 percent of companies executing them. Fifty percent of companies executed industry research. Strikingly, none of the other six market research efforts had even 50 percent of respondents engaging. Most surprising, only 40 percent of respondents had executed a competitive assessment—perhaps the most fundamental and crucial of the research protocols available to B2B leaders. Bottom line: There are miles of opportunity for middle-market B2Bs to improve marketing plan performance if they have sufficient research backing their marketing strategy development.

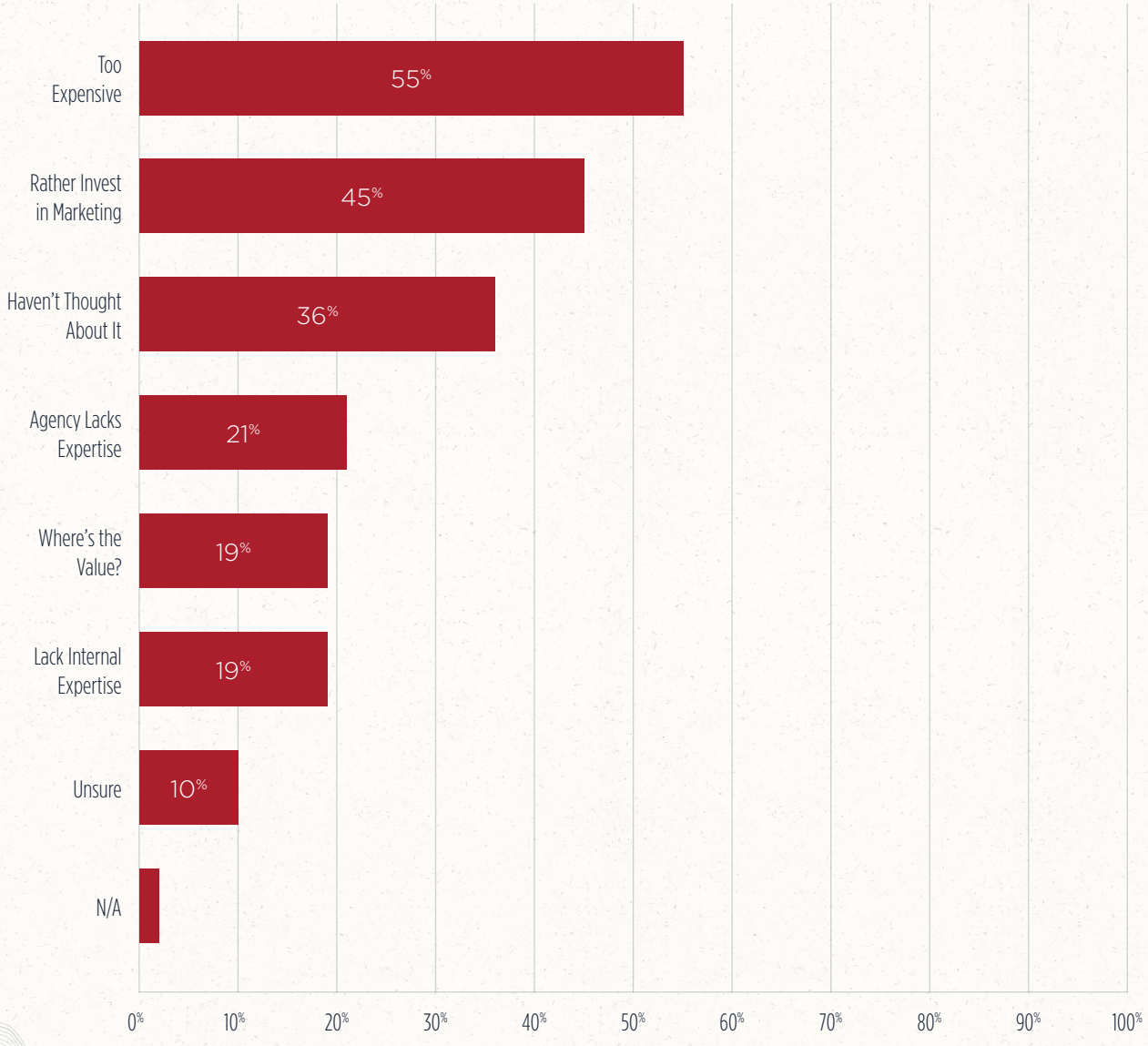
Over the last three decades in marketing, I've learned that middle-market companies can compete head-to-head for market share against their much larger counterparts if they invest in market research. Market research is the great equalizer. It drives the insights that allow a company to create a scalable, repeatable, and predictable marketing plan with high-growth outcomes.



Why they haven't invested

Of the reasons respondents haven't invested in market research over the past three years, cost tops the list followed by a preference to invest those dollars into marketing execution, which, arguably, is often also a cost concern. More than one third of respondents haven't thought about the need for market research to support their marketing efforts. Forty percent cite not having the internal or external (via an agency partner) expertise as the reason why they lack market research. And 19 percent of survey respondents don't currently see the value in this research. If that's you, my job is to encourage you to battle that thinking and consider an alternative approach, which I'll cover in Battle 2.

Reasons for *Not* Executing Market Research



MROI

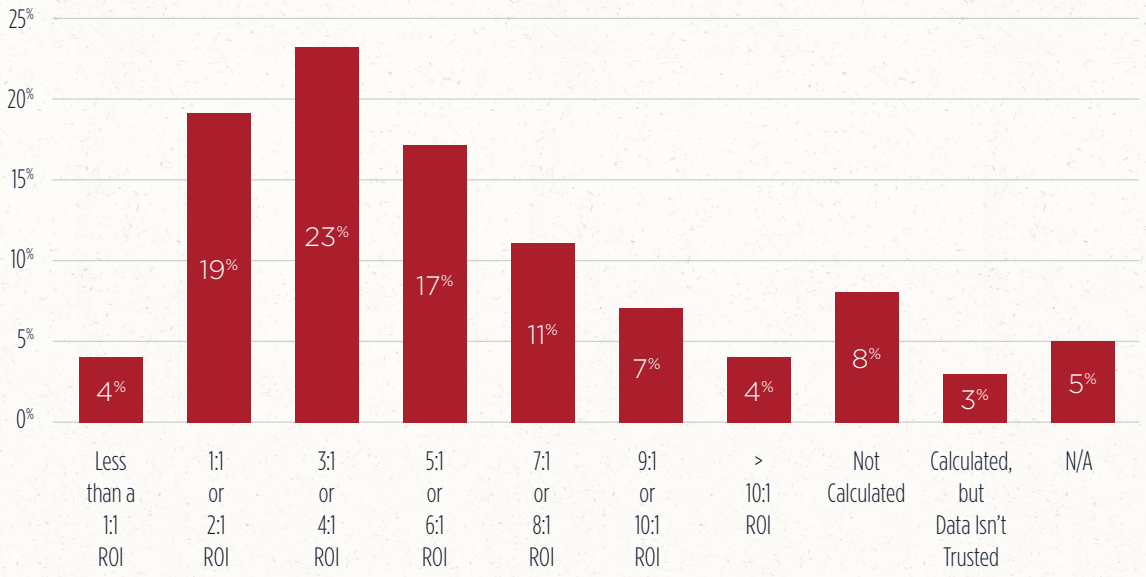
Most respondents report generating a $3:$1 to $4:$1 return on their marketing investment, meaning for every dollar spent, they generate $3 to $4 in return. Eleven percent report not calculating MROI or calculating it but not trusting the data. If you're in that camp, there are significant opportunities for you to improve the performance of your marketing plan—starting with knowing your baseline performance, which will be covered in Battle 4.

When reviewing this MROI data, survey responses make it clear that most companies don't include marketing team compensation in their costs, and most use gross revenue versus gross profit, so these numbers are likely inflated from a purist view of MROI calculations. Also note that these numbers will swing widely by industry. In some industries, a $1.2:$1 MROI is exceptional; in others, a $6:$1 MROI is the industry standard.

Unsurprisingly, larger budgets improve MROI outcomes. Why? A larger budget allows for:

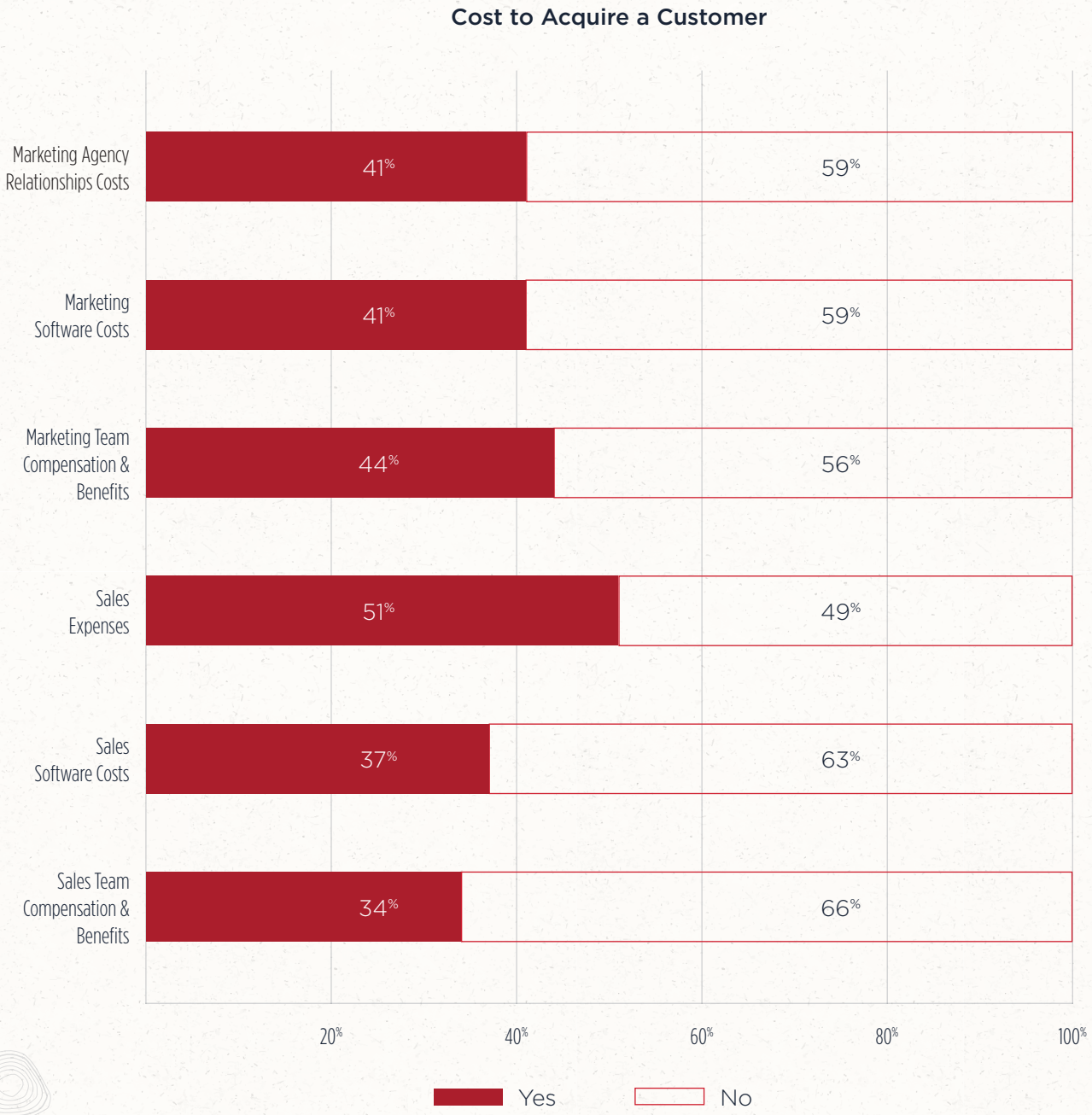
- More frequent exposure of a brand to its target audience
- More money to invest in creating higher quality content that better engages
- More money to invest in advanced marketing tools and technologies
- More money to hire more capable talent
- More money to engage in greater experimentation with new marketing channels and strategies
- More money to invest in more comprehensive market research and insights

Last Year's MROI



CAC and LTV

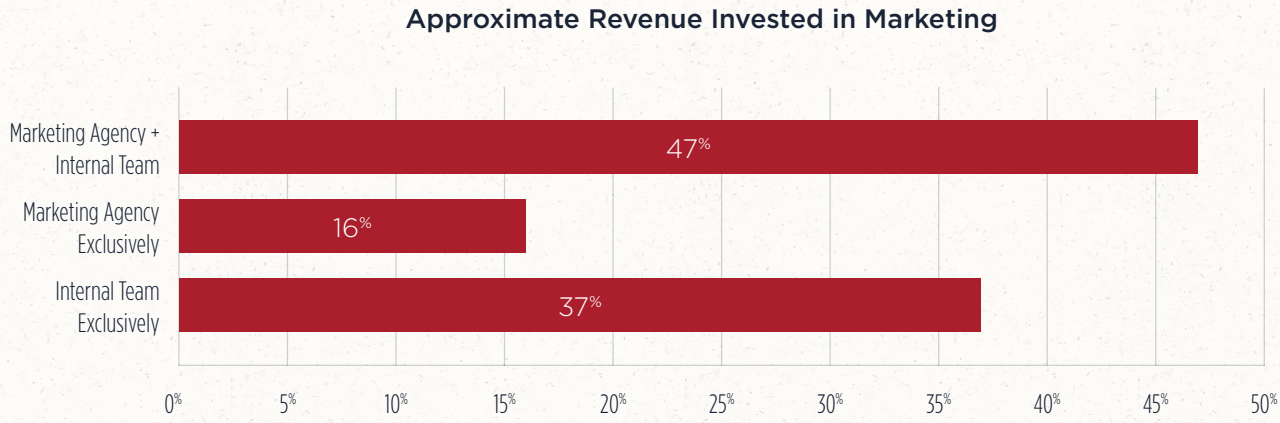
For middle-market B2Bs, the average CAC is $4,537 with an average customer lifespan of five years and an average transaction size of $59,704. Thus, the average customer LTV is $298,520 across middle-market B2B respondents. When comparing average CAC, however, note that most respondents fail to include some of the big marketing costs that should always be included, such as marketing agency fees, marketing team compensation, and marketing platform costs. A more conservative CAC calculation, which even fewer companies use, includes both the forgotten marketing expenses just mentioned plus all sales expenses, sales team compensation, and sales platform costs.

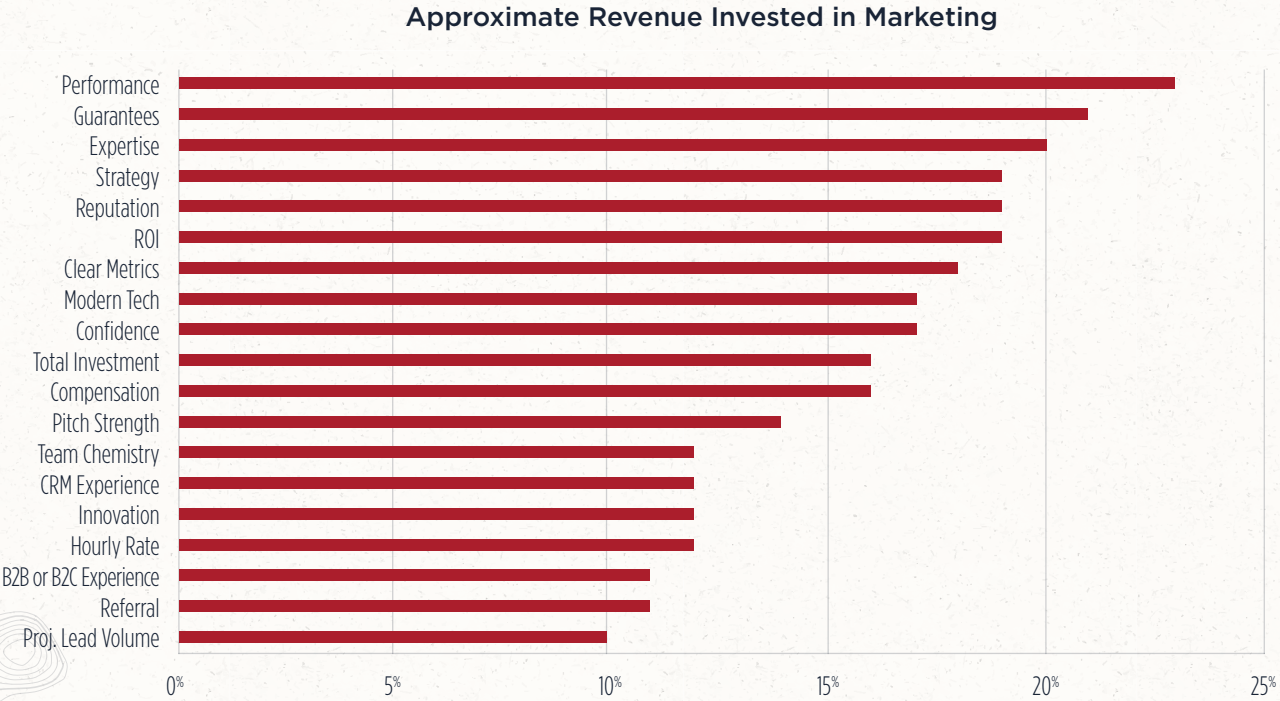


In-House Versus Agency Team

Marketing agencies continue to play a pivotal role in supporting the marketing needs of middle-market B2B companies. Nearly 65 percent of respondents use an agency partner to execute all or part of their marketing strategy, with the majority of those (47 percent) leveraging both an agency and an internal team.

Of those currently using an agency partner, the top two factors that will most influence the choice of their next agency partner are the agency's accountability to its performance and the performance guarantees offered. These are followed by industry expertise, the strategy presented, the reputation of the agency, and the overall ROI of the partnership. Note that projected lead volume landed last on the list, no doubt to the chagrin of the thousands of "pay per lead" shops that have cropped up across the country over the last few years. The data supports the desires of middle-market B2B leaders for accountability deeper than simply lead volume—true accountability and guarantees around new businesses secured and MROI.



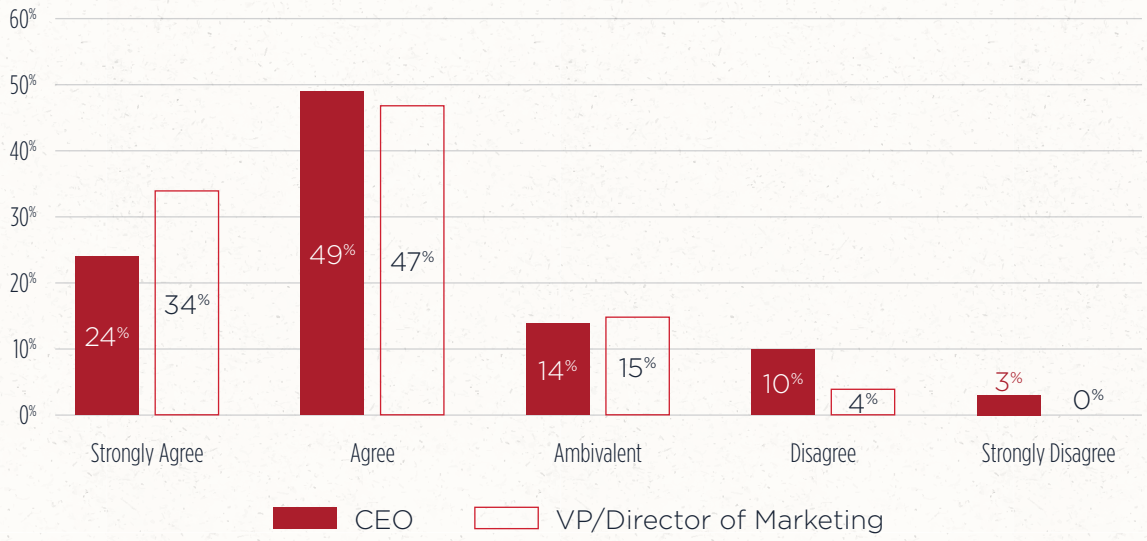


Satisfaction With MROI

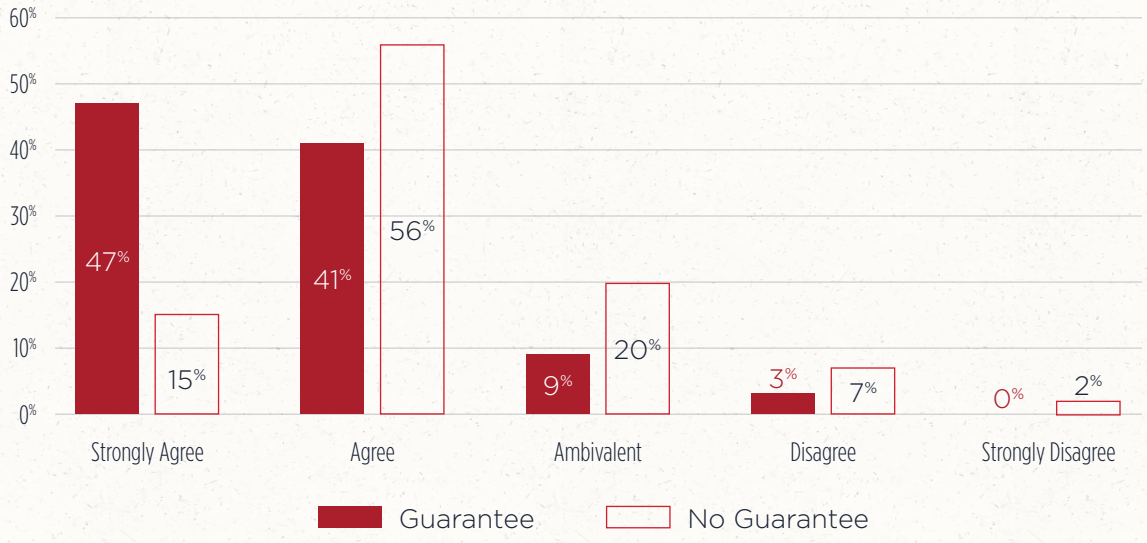
Just 24 percent of CEO respondents strongly agree they are highly satisfied with the MROI their current marketing agency provides, which means that 76 percent don't strongly agree. Forty-nine percent of CEO respondents agree with the statement, while 27 percent are neutral or dissatisfied, indicating that there is notable room for improvement and increased expectations. Interestingly, VPs and directors of marketing were generally more optimistic about agency performance.

When looking at respondents whose agencies offer a guarantee, the strongly agree scores spike up to 47 percent. Contrast that with only 15 percent of respondents who strongly agree that they are highly satisfied with the MROI provided by their agencies that don't offer a guarantee. B2B leaders are more satisfied with and loyal to agencies that stand behind their growth projections.

Current ROI Satisfaction



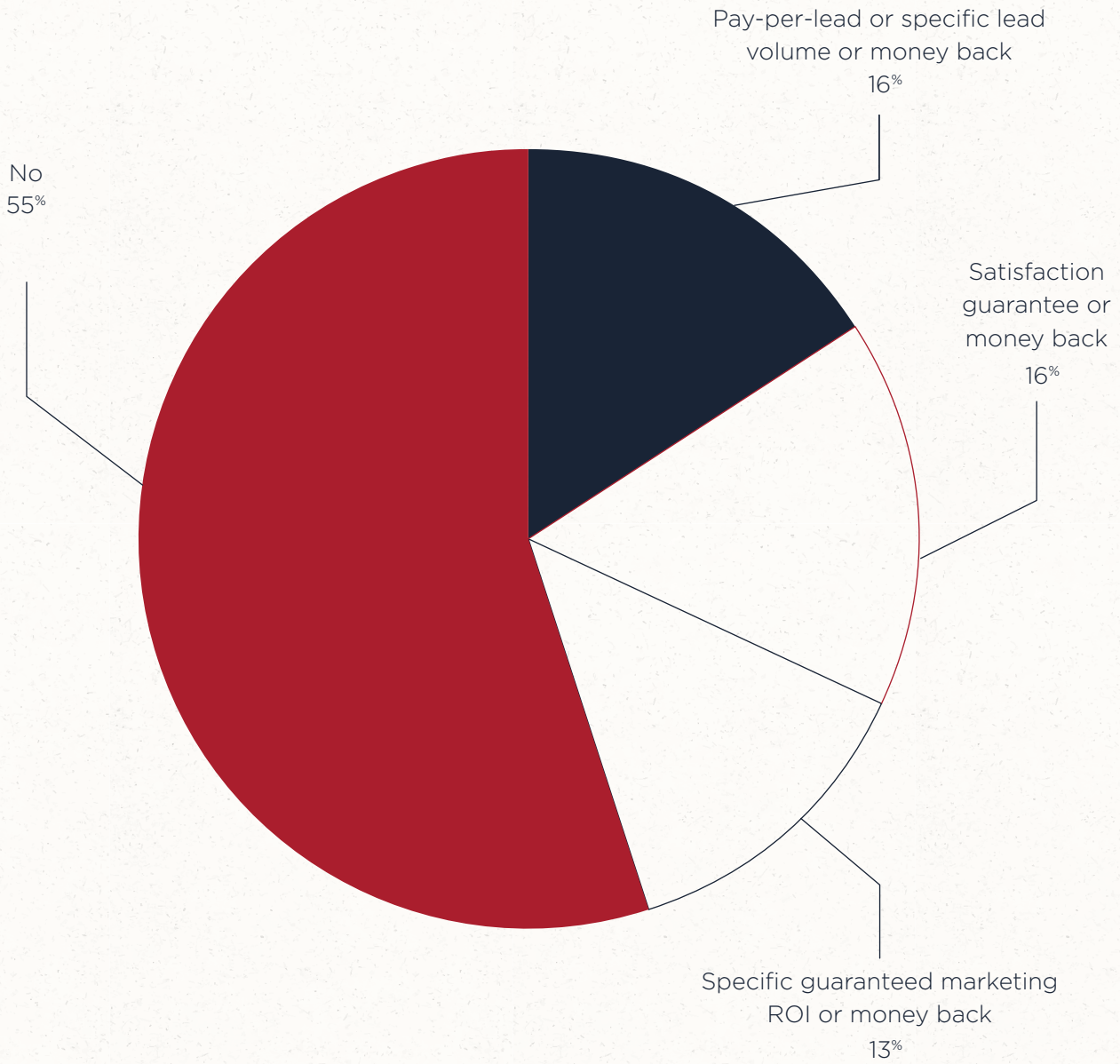
Satisfaction with Guarantee or Not



Outcomes that are guaranteed

More than half (55 percent) of respondents do not receive any type of agency guarantee. Just 16 percent either pay for each lead received, which is a form of a guarantee, or receive a lead volume guarantee. Another 16 percent get a satisfaction guarantee. And only 14 percent receive an MROI performance guarantee. As referenced in the "In-House Versus Agency Team" section of this survey summary, the top two factors that will most influence a company's future agency partner choice are the agency's accountability to its performance and the performance guarantees offered. The lowest performing factor is projected lead volume, which again supports giving more credence to MROI guarantees.

Does Your Agency Guarantee Outcomes?

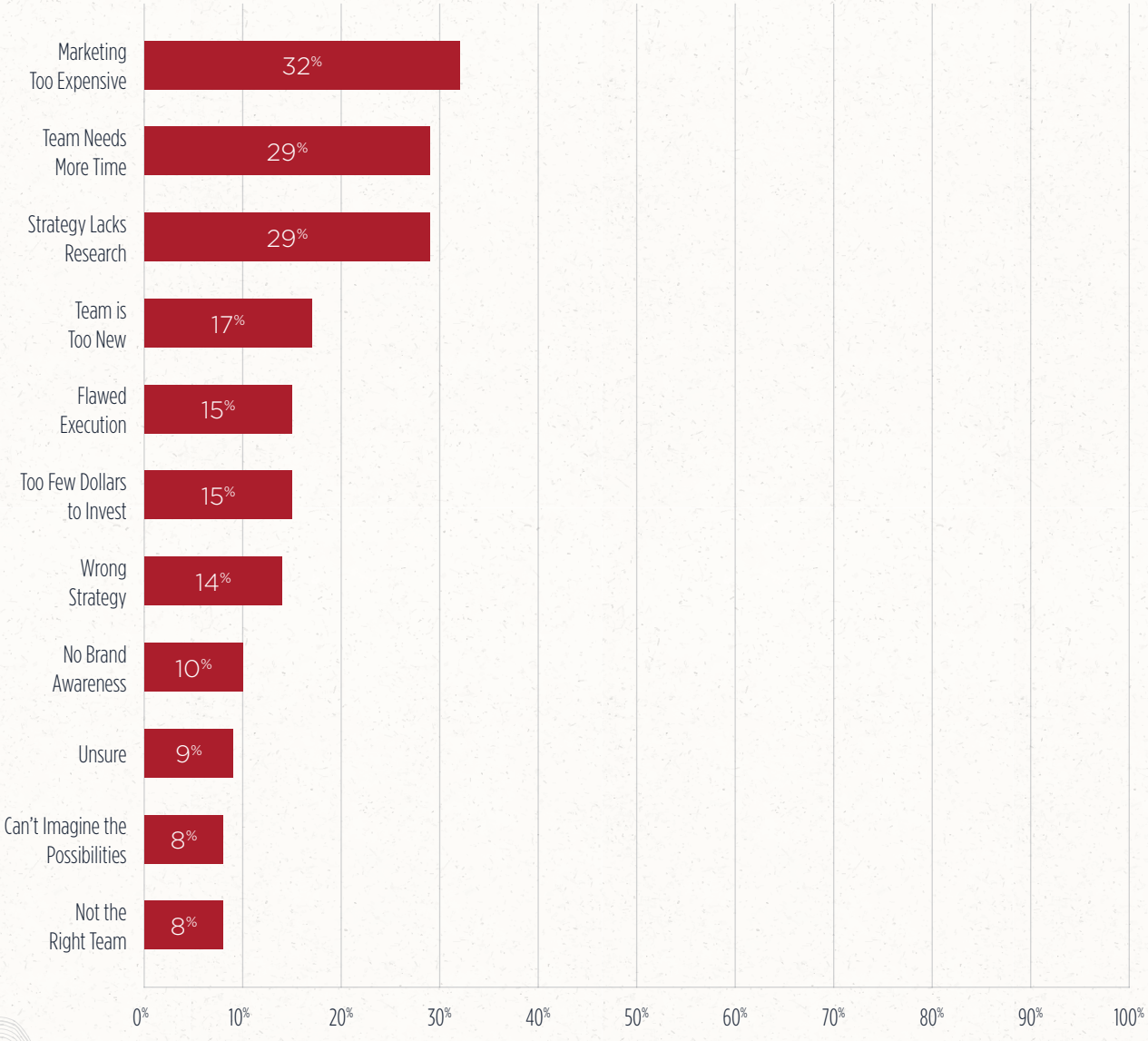


The "impossibility" of predicting outcomes

Most respondents believe that their marketing teams can't accurately predict outcomes because the market is too competitive, the team needs more time, or there is not enough research to inform the strategy. The last of these factors is supported by the fact that fewer than half of respondents have executed most of the common market research practices that are considered must-haves to inform a predictable marketing plan.

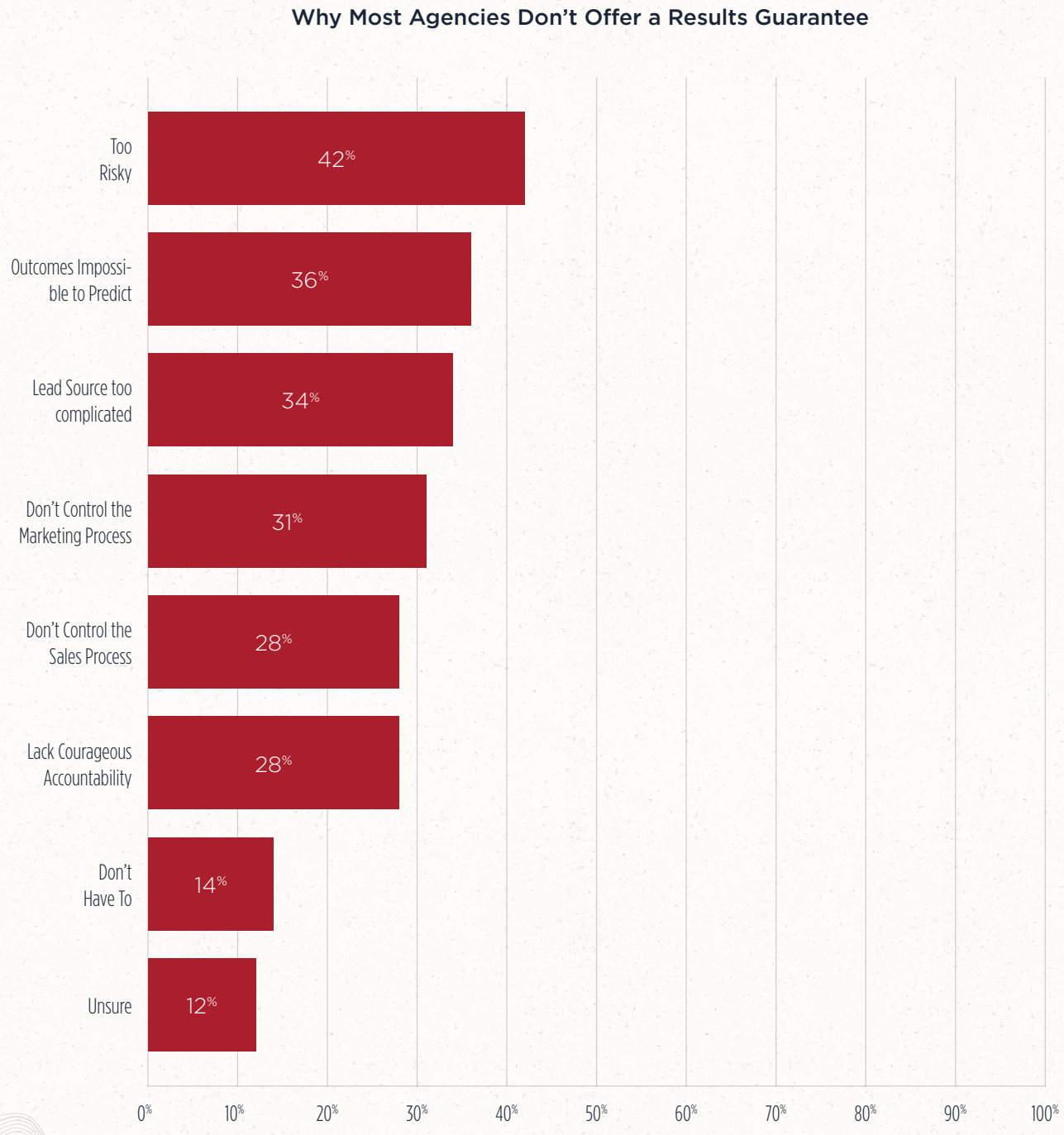
More than twice the number of respondents cite the degree of market competition as the reason for lack of marketing predictability (32 percent) as compared to those who believe they don't have the right strategy (14 percent). Could it be possible that the market wouldn't be as competitive with the right research-backed strategy?

Why Your Agency Isn't Able to Predict Outcomes



Why there are so few guarantees

When respondents were asked why they believe most agencies don't offer a results guarantee, the number one answer was that it's "too risky for the agency." This was followed by it's "impossible to predict marketing outcomes" and it's "too complicated to determine lead source." Are any of these really true? Or are these myths propagated by an industry that's scared to raise the bar and stand behind its performance?



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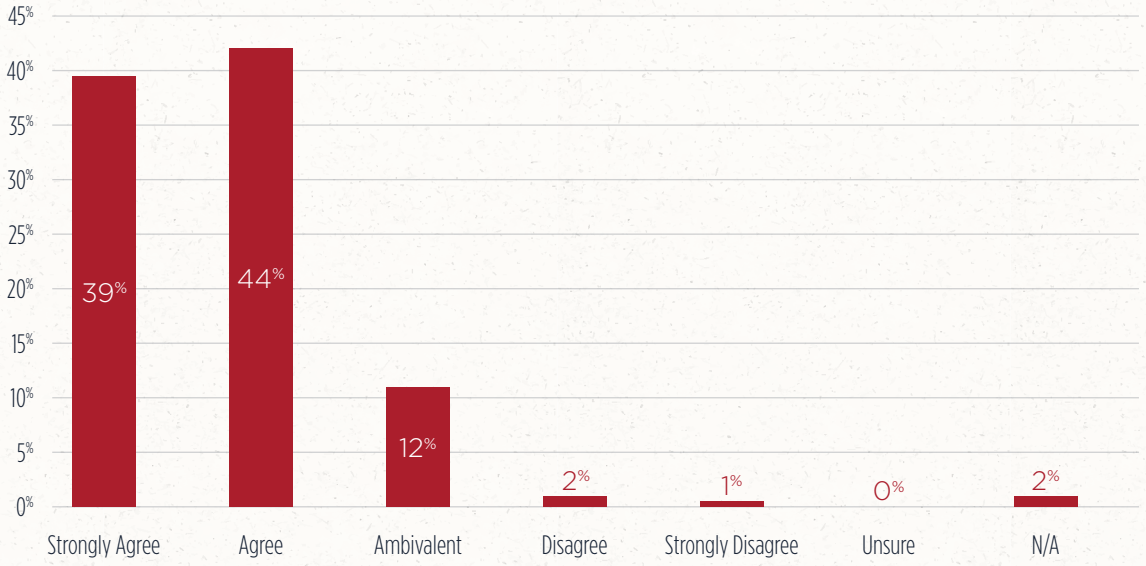
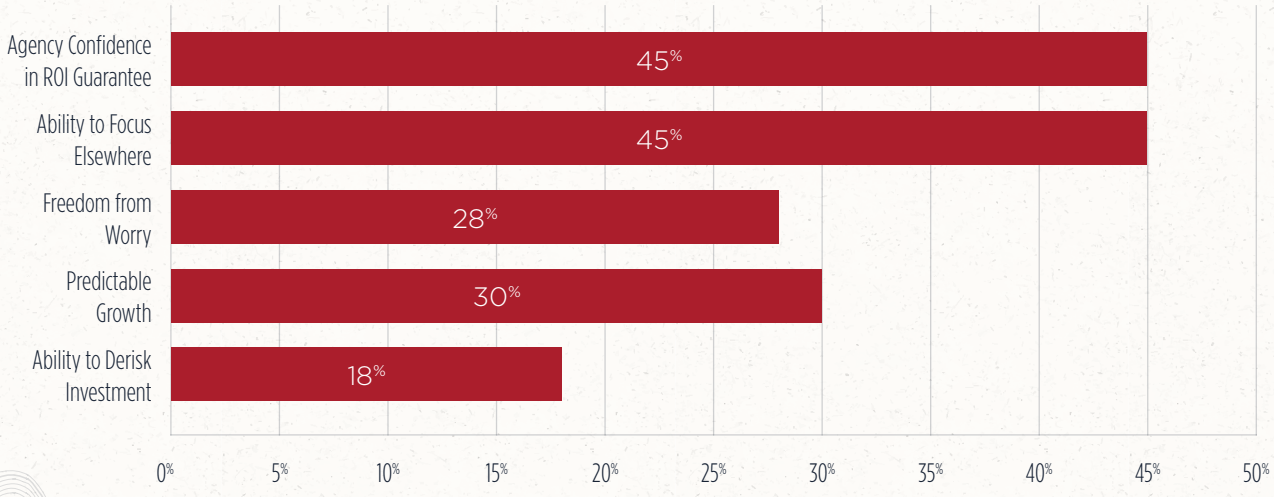
Tellingly, when asked if they would be more likely to partner with an agency that offers a guaranteed return on their marketing investment, 83 percent of respondents either agreed or strongly agreed.

The top two factors that most influence respondents' likelihood to partner with a marketing agency that offers a guaranteed return on investment are "the confidence I would have in an agency willing to take accountability and stand behind its projections" and "the ability to focus on other areas of the company's operations, knowing my marketing team has true accountability for performance."

A Guaranteed Return Makes a Partnership More Likely



Top Influences to Partner with an ROI Guarantee

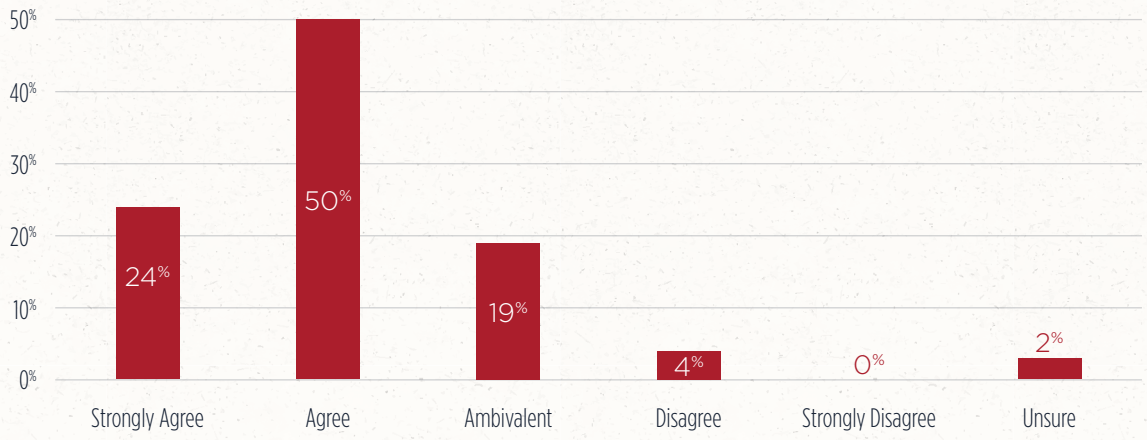


Scalable, Repeatable, and Predictable Marketing Plans

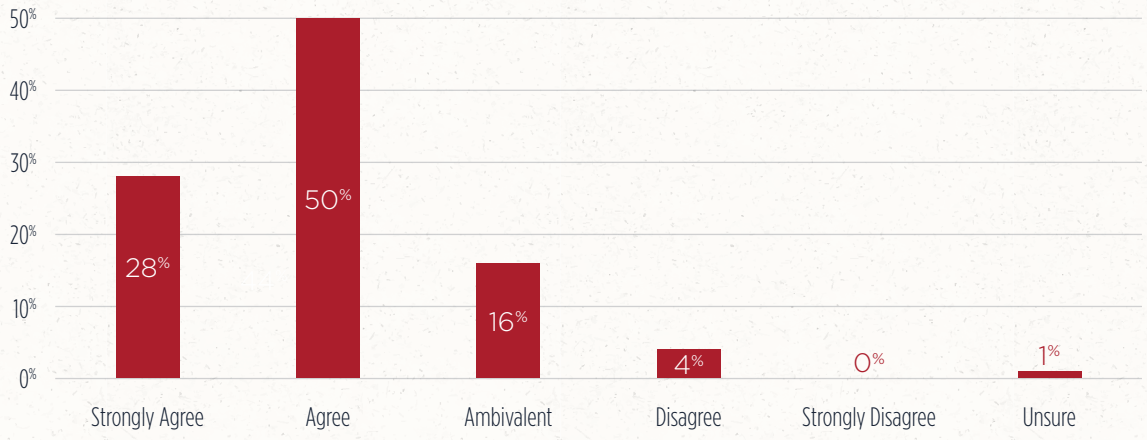
Respondents were asked if their marketing plan is scalable, with scalable defined as the ability to maintain at or above the current level of marketing performance as marketing investment increases. In other words, if they were to pour fuel on their existing strategy, would it still perform as well at the higher investment level? Twenty-four percent indicated they strongly agreed with the statement while 50 percent agreed. More than a quarter were neutral, disagreed, or were unsure. A company's ability to scale its marketing efforts is critical to predictable growth.

Similarly, respondents were asked if their marketing plan is repeatable, with repeatable defined as the ability to maintain current marketing performance, usually due in large part to documented processes, no matter who on the team is executing the strategy in the future. Twenty-eight percent indicated they strongly agreed with the statement while 50 percent agreed. More than 20 percent were neutral, disagreed, or were unsure. Companies with a repeatable marketing strategy see consistent performance despite key employee turnover—a necessary component to a scalable marketing plan.

My Current Marketing Plan is Scalable



My Current Marketing Plan is Repeatable



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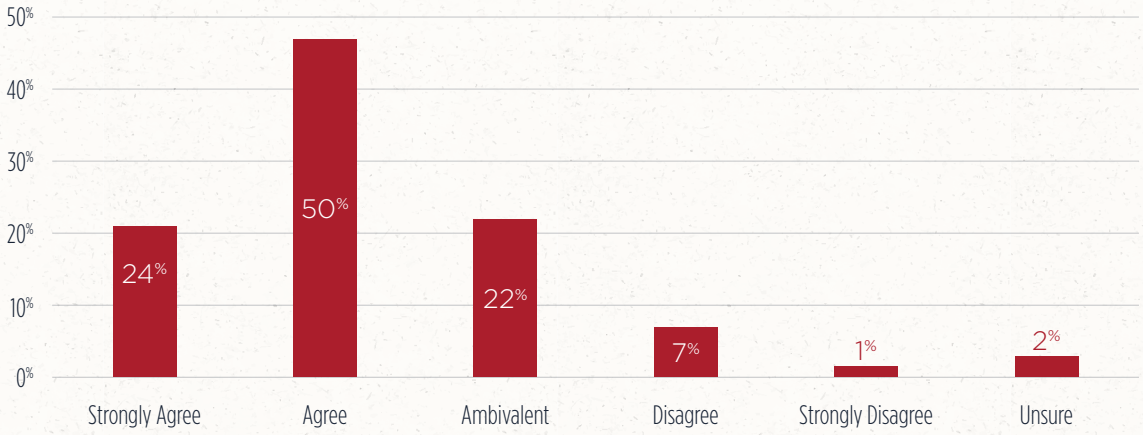
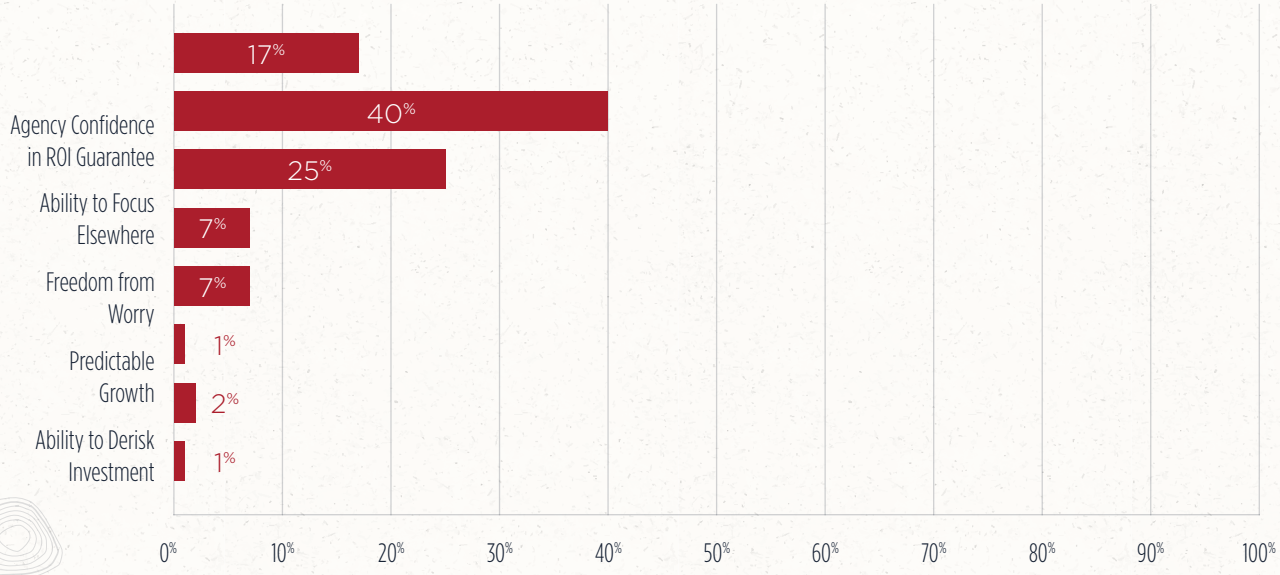
Respondents were also asked if their marketing plan is predictable, with predictable defined as the ability to project the new business growth that will be generated by executing an established marketing strategy(ies). Twenty-one percent indicated they strongly agreed with the statement while 47 percent agreed. Thirty-two percent were neutral, disagreed, or were unsure. Predictability is the holy grail of marketing and certainly a requirement for guaranteed outcomes. Predictability allows the operations team to scale up in a planned and intentional way, which reduces friction in the customer experience and, therefore, customer churn. The 12 BattlesTM Framework is specifically designed to infuse this scalability, repeatability, and predictability into your marketing plan.

One way to make your marketing strategies scalable, repeatable, and predictable is regular campaign optimization. The best practice is weekly optimization; only 7 percent of respondents execute at this frequency.

My Current Marketing Plan is Predictable



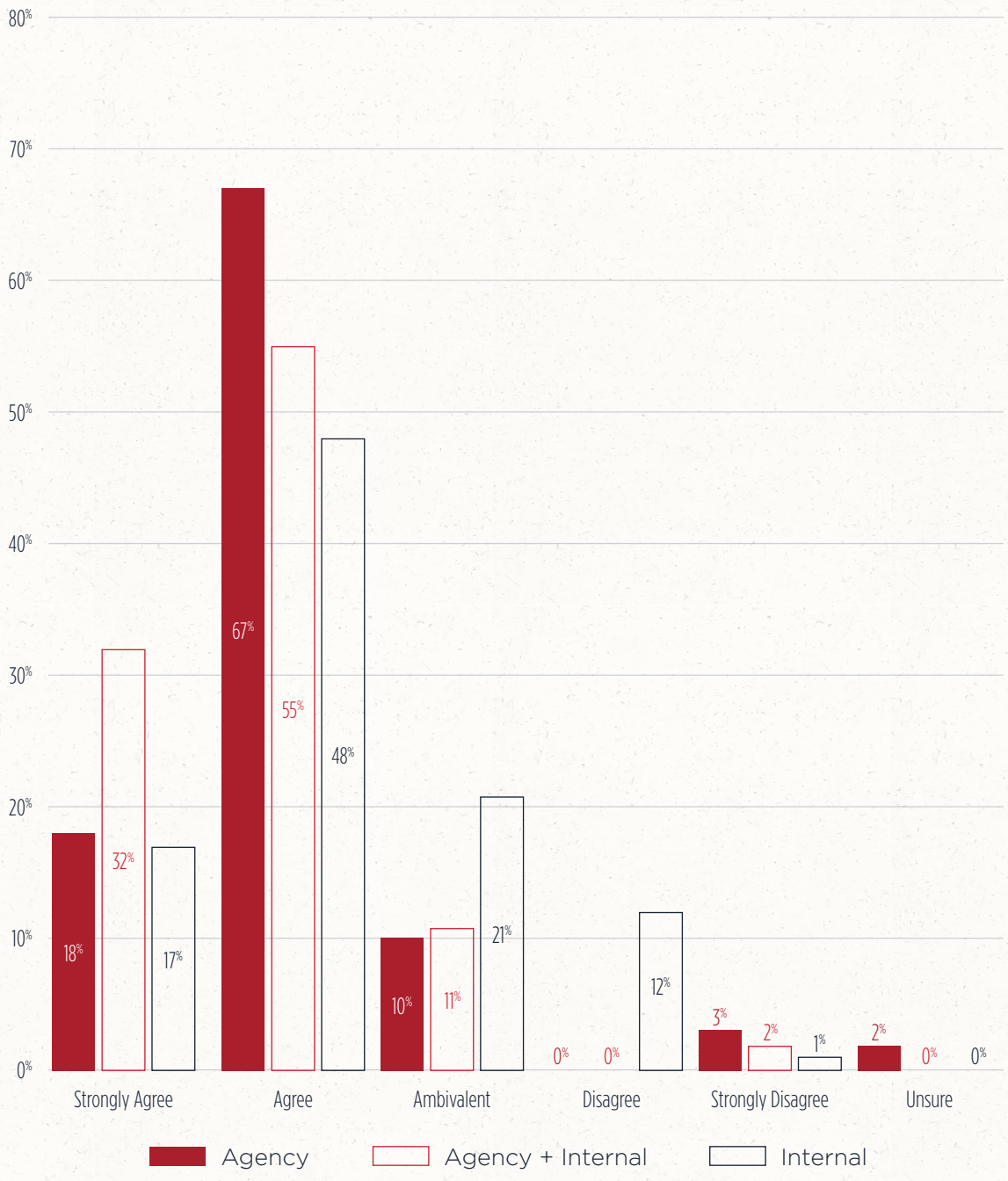
My Current Marketing Plan is Repeatable



Performance-Based Compensation

The majority of respondents confirmed that, to at least some degree, their team's total compensation—whether it be an internal or external team—is tied to company performance, though only 18 percent were in the strongly agree camp. It's notable that performance-based compensation is more prevalent among respondents with agency teams than it is among those with internal teams only. This reveals an opportunity to level up internal compensation plans to better align with marketing performance and growth goals.

My Marketing Team's Compensation is Tied to Performance



As the foundation for The B2B Marketing RevolutionTM, this study clearly shows that a significant majority of middle-market companies are channeling a notable portion of their revenue into marketing, recognizing its vital role in amplifying their growth. Yet, alongside this investment, there's a palpable uncertainty—about how to generate stronger plan performance, whether to tie team compensation to performance and to what degree, and about how to craft marketing plans that are truly scalable, repeatable, and predictable. There is also apprehension toward market research, which is often dismissed as too costly—a hesitation driven by cost misconceptions that ignore the greater risk of navigating without insights.

Despite general contentment with MROI, there's an underlying desire for more—more reliability, more precision, and more strategic clarity. There is a clear preference among middle-market B2B leaders for agency partners with skin in the game, those willing to stand behind their performance projections and offer guarantees.

This is the beginning of a revolution in B2B marketing—where clients forcibly raise the bar on an industry that is reluctant to do so itself.

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