



**MANAGING CHALLENGES IN B2B
SALES & MARKETING INTEGRATION**

REACHING THE NEXT STATE

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YOU NEED TO INTEGRATE SALES & MARKETING – OLD NEWS?

There has been a lot of focus in B2B on the integration of the sales and the marketing function. Firms have always been dependent on both functions for the generation of revenue, but at the same time clearly differentiated them. Roughly speaking, marketing has been responsible for communication of brand and offering, and sales for managing and closing business opportunities. This has been for good reasons – customers' purchasing behavior has not made it necessary to integrate market communication with the closing of the deal.

However, digitalization has changed the way customers buy and increasingly blurred the boundaries between the communication of the offering and the purchase decision. Nowadays, both sales and marketing are forced to guide what is sometimes a complex and long buyer journey. This calls for a more integrated approach to revenue generation.

Business researchers have claimed this for more than a decade¹ and the awareness among businesspeople is high. Yet, the two functions of sales and marketing remain completely separated or weakly integrated in as much 30% of all firms, and only 25% have a fully integrated revenue function². In this report, we examine why this is the case and what can be done about it. Why is it so hard to integrate marketing and sales? And what should you do in order to reach the next state of sales and marketing integration?

¹ Kotler, P., Rackham N. and Krishnaswamy S. (2006). Ending the war between sales and marketing.

Harvard Business Review. <https://hbr.org/2006/07/ending-the-war-between-sales-and-marketing>

² ProSales Consulting. (2017). Aware but not Ready – B2B Sales and Marketing Digitalization Study 2017.

Stockholm, Sweden: Pixton, T., Rönnblom, J, Ejenäs, M.

DIFFERENTIATION

the state of segmentation of the organizational system into subsystems, such as for example sales and marketing.

INTEGRATION

the process of achieving unity of effort among the various subsystems in the accomplishment of the organization's task.³

"One marketing function serves both B2B and B2C, and the latter receives most attention"

SALES MANAGER,
INSURANCE INDUSTRY

FIVE CHALLENGES IN B2B SALES AND MARKETING INTEGRATION

Through the interviews we have identified five central challenges in the integration of sales and marketing. Below we describe and exemplify these challenges.

1. LACK OF DEDICATED B2B MARKETING RESOURCES

Success in B2B revenue generation requires dedicated B2B marketing resources. But although all examined firms have marketing functions, not all of them have dedicated B2B marketing functions. In many cases B2B sales has been driven purely from the sales side, with little or no marketing support. In other cases, B2B has had to rely on shared resources for both B2B and B2C offerings. This can be explained with B2B historically being driven more by product value and individual client relationships, and less by marketing. However, it does not give marketing the necessary focus and depth of knowledge for B2B offerings. An interesting find is that things are moving, though. Some of the examined firms have recently established dedicated B2B marketing resources or functions. Even though they are struggling to build knowledge and capacity for B2B marketing, several are now moving towards a dedicated B2B marketing function.



³ Lawrence, P.R. & Lorsch, J.W. (1986). *Organization and environment: managing differentiation and integration*. (Rev. ed.) Boston, Mass.: Harvard Business School Press.



2. LITTLE ADAPTATION OR CUSTOMIZATION OF B2B MARKETING

“Marketing needs to move from a general message to a very personalized message in the communication with customers.”

SALES DIRECTOR, ENERGY
INDUSTRY

B2B marketing requires flexibility and situational adaptation.

However, in the examined firms, sales managers perceive the approach of the marketing function as too generic. Sales has historically emphasized the importance of adapting to individual customer relationships, for example working with principles such as key account management, which is a new thing for many marketers. Marketing as a discipline has instead been focused on activities geared towards larger segments and groups of customers. Partly this has to do with limitations of traditional marketing methods and channels, that did not allow for much individual differentiation of content and messages between customers. Partly it has to do with marketing often departing from B2C, where customer segments are much larger, homogeneous, and thus can be managed with more generic approaches.

“Marketing needs to get the information salespeople have inside their heads. They are sitting on a lot of information about the clients”

MARKETING MANAGER,
FAZER

3. LACK OF SHARED KNOWLEDGE ABOUT CUSTOMERS' BUYING BEHAVIOURS

A modern B2B marketing approach requires superior knowledge of the customers' buying behaviours. Marketing people are starting to realize this, but at the same time they are expressing a shortage of knowledge in this sense. Marketing functions usually have a lot of high-level market demographical knowledge, and know what channels to go through to reach customers. But they don't have the same knowledge as the salespeople of how customers' go through different stages in their purchase. Sales reps are, together with customer service, the ones with the strongest customer interface. They are used to deal with customers on an individual basis and develop deep relations. Thereby they also develop a lot of knowledge of for example what their individual clients value in your offering, how they make their purchasing decisions, and which other stakeholders are involved in the decisions. The salespeople on the other hand, seldom systematizes this knowledge. It often rests in the heads of senior, experienced salespeople, although reserved to themselves. This worked historically, but today successful marketing performance builds on deep knowledge of how customers behave in their decision process and what information they would value.

4. DIFFERENT VIEWS ON REVENUE-GENERATING ACTIVITIES AND MEASURES

“Marketing talks brand, sales talks immediate results”

AUTOMOTIVE,
SALES DIRECTOR

Whether you call it marketing or sales, it is necessary for marketers and salespeople to have a shared view of the chain of activities that generate revenue. However, in several of the examined firms, sales and marketing people express trouble appreciating the respective activities they engage in, what they measure and to what extent they measure them. The sales side express that marketing has a lack of “sales thinking” in their activities, i.e. that their activities are not directly driving sales. They also call for quantifiable measures of marketing performance. Marketing people agrees partly on this difference in measurability. However, they claim that marketing is a more creative guild, and that performance sometimes is hard to measure, or can be measured only qualitatively. They counter with that marketing is not supposed to “deliver” to sales, but “support” sales. To some extent this is natural, the reason why they are differentiated into two different functions is that they should be working with different means. But if there is not a shared understanding how their respective activities add to and complement each other in the generation of revenue, it will be very hard for marketing and sales to join forces and perform together.

“There are no common goals,
no definition of a common
success”

SALES MANAGER,
INSURANCE

5. LACK OF SHARED VISION AND GOALS

Finally, one challenge for sales and marketing integration seems to reside in the absence of common goals and vision. In most cases both functions have picked up and understood that they need to work closer together, and the awareness that they need to integrate is high. At the same time there is no shared view on what they are supposed to achieve together. Different goals is partly a natural consequence of the differentiation into two different functions. Nevertheless, it creates a challenge for integration and cooperation. Without a common goal that integrates the two functions, the risk is that they drive in different directions. One example is that the functions feel different levels of responsibility for integration. In several of the examined firms, the sales function has taken the initiative and is the one pushing and pulling in this direction, whereas marketing remains a bit more hesitant. This further adds to the impression of the two functions not being strategically aligned, makes it challenging for them to deliver results.

5 SIGNS OF WEAK SALES AND MARKETING INTEGRATION IN B2B

- ✓ You lack a dedicated B2B marketing function
- ✓ You use the same marketing approach for all your B2B customers
- ✓ You haven't built a shared understanding of customer behaviour for sales and marketing
- ✓ You can't get sales and marketing to agree on what are revenue-generating activities
- ✓ You have no common goal or vision for sales and marketing

REACHING THE NEXT STATE IN B2B SALES AND MARKETING

So, we have (at least) five challenges when it comes to integrating sales and marketing. What should we do about them? Luckily, our study also point to that there are ways to manage these challenges and increase integration of marketing and sales.

BUILD MUTUAL KNOWLEDGE ABOUT HOW CUSTOMERS BUY

You need to secure a common understanding of how customers buy. Commonly this is referred to a buying journey map. It is critical for both marketing and sales, as it determines the right way to engage the customer in different phases. There are at least two ways to do this. You can interview your sales force, which in most firms possess a rich knowledge base about how customers typically behave. You can also work with careful examination, research and analysis of customer data. Probably you will have to do both. Even though experience is important, not all parts of the customer journey are visible to the salespeople and must be extracted through research and analysis. However, if well performed, this map can be used to develop strategies, content and select channels.

ALLOW FOR ADAPTATION OF YOUR B2B MARKETING APPROACH

B2B marketing requires a need for multiple marketing approaches, and sometimes even customized marketing for individual customers. There are of course always larger, more homogeneous customer segments that can be treated with traditional sales methods and marketing approaches. But it is common that up to 80% of revenue comes from smaller customer segments or even a few individual customers with complex demands that require customized approaches. This has been discussed among marketing scholars for twenty years, coined as “1:1 marketing” or “segment of one”⁴. What is perhaps new is that digital technology now makes it possible to accomplish this more efficiently. Individual targeted customers can be identified, monitored and engaged through digital channels with customized offerings and messages, most often referred to as Account Based Marketing or Opportunity Based Marketing.

⁴Peppers, D. & Rogers, M. (1997). The one to one future: building relationships one customer at a time.
New York: Currency Doubleday.

ESTABLISH A TRUE B2B MARKETING FUNCTION

You need to have a dedicated B2B marketing function. In B2B you can no longer rely solely on the sales function to encompass the whole revenue chain, including capturing customers in the early stages of the customer journey. You need marketing resources. Given the requirements of understanding the offering, it is also not possible to rely only on your B2C marketing resources. The marketing function needs to realize it requires a more sales-oriented and agile approach. This implies you may need to gear up your B2B marketing resources. The challenge of establishing a dedicated function may seem big, but in the long run this will constitute a serious competitive advantage compared to competitors working with shared or no marketing resources.

FORM A SHARED VIEW OF THE REVENUE GENERATING CHAIN

You need to form a shared view of your combined sales and marketing process, your revenue chain. Both marketing and salespeople need to understand and agree on what activities are in fact contributing to bottom line sales performance, from the top of the funnel to the bottom of the funnel. Marketing needs to understand that all activities in the end are supposed to contribute to the generation of revenue in the end, and needs to be evaluated from this perspective. And Sales needs to understand that not everything is easily translated to leads or opportunities and can be solved "bottom-of-the-funnel". Brand recognition, website traffic, or other top of funnel measures needs to be appreciated too. If sales and marketing people jointly map out the chain of revenue it will be a lot easier to understand the work of each other, and integration will be easier.



ALIGN THE VISION AND GOALS FOR SALES AND MARKETING

Integration problems start at the top. Management of these two functions need to agree upon, and explicitly communicate why the two functions are supposed to work together, what they are supposed to do, and their common goals. In those firms who have managed, there is also a continuous dialogue around the vision and goals at each touchpoint.

WHERE TO BEGIN? WITH THE GOALS!

You probably recognize too well what is outlined above, and it may seem overwhelming. Where should you begin? We have one final advice based on the study. The companies in the study that manage to successfully integrate sales and marketing share one feature: they share common goals. Sales and marketing have started with agreeing on what they want to achieve with their customers instead of getting stuck at solving functional differences. Begin with forming a shared view on your revenue targets: How much should come from new customers? existing customers? What are the goals for converting smaller accounts to larger accounts? With these questions in mind, it gets a lot easier to find arguments for why to integrate your efforts, and how to do it.

FIRST 3 QUESTIONS FOR MARKETING AND SALES TO DISCUSS

- ✓ What are your common goals for...
- ✓ attracting new customers?
- ✓ converting small accounts to larger accounts?
- ✓ protecting and strengthening our existing larger accounts?

METHOD AND RESPONDENTS

We conducted an exploratory study of the relationship between the sales and marketing function in five mid-sized and large Swedish firms. The firms represented five different industries: automotive, energy, health services, financial services, and food services. In each firm, we interviewed at least one manager from each function. In total, 10 individuals with different roles were interviewed: sales directors, marketing directors, sales managers, business development managers, and marketing managers. The interviews were semi-structured, they covered questions about sales and marketing operations and coordination, and lasted between 60-90 minutes. In order to maintain anonymity, when quoting respondents, the same title has been used for all managers in marketing (marketing manager) and all managers in sales (sales manager), irrespective of their exact titles.





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