



B2B SALES & MARKETING DIGITALIZATION STUDY AWARE, BUT NOT READY

Authors: Tonya Pixton, Ph.D, Joakim Rönnblom

Editor: Ph.D. Markus Ejenäs

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Digitalization has an increasingly profound impact on all parts of society. The ability to embrace the opportunities of – and avoid the risk it presents is a key success factor for all organizations looking to stay relevant.

In advising B2B firms on how to generate sustainable organic growth, ProSales Consulting is often asked to provide guidance on "where", "how", and not least "why" digital technologies should be applied within our clients' go-to-market functions and processes.

This report provides a foundation for approaching investment decisions related to "digitalization" of revenue- generating functions such as marketing and sales.

In the first part, we present research on the digital readiness of B2B firms based on 10 in-depth interviews, and surveys from 310 CEOs, Sales- Business Development- and Marketing leaders.

In part two, we submit recommendations for how to act in order to identify and capture the value that digitalization presents to marketing and sales.

DIGIT: THE STARTING POINT

Refers to any of the numbers within the 0-9 range. Derived from the Latin word "digitus", which means "finger" or "toe." "Digit" arose from using fingers and toes for counting.

DIGITAL: THE TECHNOLOGY

The opposite of analog. Refers to the technology used for generating, storing and processing information (through combinations of binary numbers; i.e., "0" and "1").

DIGITIZATION: THE CONVERSION

The process from analog to digital format (i.e., from physical mail to e-mail).

DIGITALIZATION: THE BUSINESS MODEL IMPLICATIONS

How digital technologies are used to adapt existing business models or develop new.

DIGITAL TRANSFORMATION: THE ORGANIZATIONAL SHIFT

The process of digitizing parts of – or the entire firm – applying digital technologies (i.e., where the digitization of existing and/or development of new digital business models is executed in practice).



EXECUTIVE SUMMARY: MOST STRUGGLE TO GET BEYOND TACTICS

The purpose of this study has been to assess the degree of digital readiness within B2B sales and marketing organizations. The overall conclusion from our data is that most firms have started to prepare in many important aspects. Not least are many putting in a lot of effort into deepening the understanding of customer needs and buying behaviours. The results also indicate that many organizations have implemented and are using a growing set of different IT tools for marketing and sales.

Our observation is that firms have been able to move faster to action at the more operational and tactical levels, such as introducing new sales channels, adopting new IT tools or training marketing and sales staff. In our experience, the more strategic moves are however less frequent. For example, many are researching buying behaviours, but fewer are using this to introduce more sophisticated segmentation.

Our results also show that making use of sales and marketing data is not without challenges - both with respect to systems and analytical capabilities. Finally, the need for new competencies requires a rethink of HR strategies on how to attract new, more digitally native, generations into marketing and sales careers.

PART 1: RESEARCH FINDINGS

DIGITAL TRANSFORMATION - IMPORTANT BUT DIFFICULT

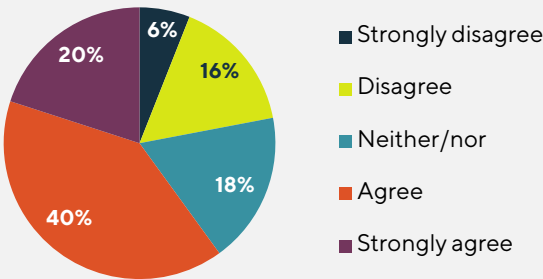
The push for moving ahead in digitalizing sales and marketing functions and processes seems to be strong within Nordic B2B firms.

Sixty percent of our respondents either "Agreed" or "Strongly agreed" that there is a high awareness of the need for digital transformation in their organizations.

However, fewer experience that key stakeholders within their organizations have the inspiration and motivation necessary to engage in digitalization. This makes it necessary for leaders in digital transformation to think not only about the "Why?" but also about the "How?"

To what extent do you agree that *everyone* in your sales and marketing organization is *aware of the need for digital transformation*?

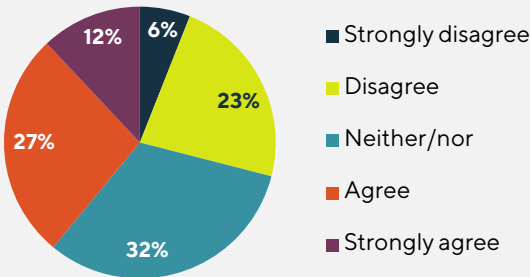
(N=310)



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To what extent do you agree that *everyone* in your sales and marketing organization *feels inspired and motivated to engage in digital transformation*?

(N=310)



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MARKETING MORE OF A DIGITAL PRIORITY THAN SALES

Firms seem to have adhered to the continuous discussion in the past years from research firms and suppliers on the potential of digitalizing sales and marketing processes. Marketing and sales were stated as having the highest priority in terms of digitalization among the different functions of the firm (figure 1).

Marketing is at the top of the list – around 40% of respondents listed it as a "high priority" – whereas only 30% for sales. This comes as no surprise as digitalization has opened up a lot of new ways for marketers to communicate with both potential and existing customers.

However, just as for marketing, digitalization is now increasingly opening up new opportunities for the sales function to track, align with and respond to customer needs and buying behaviours. On top of this comes an increasing integration of the revenue-generating functions, which we believe will imply a further increase in the digitalization of sales.

Figure 1: Digitalization of marketing and sales is given highest priority

"In general, how prioritized is digitalization in the following functions...?"
(N=310)

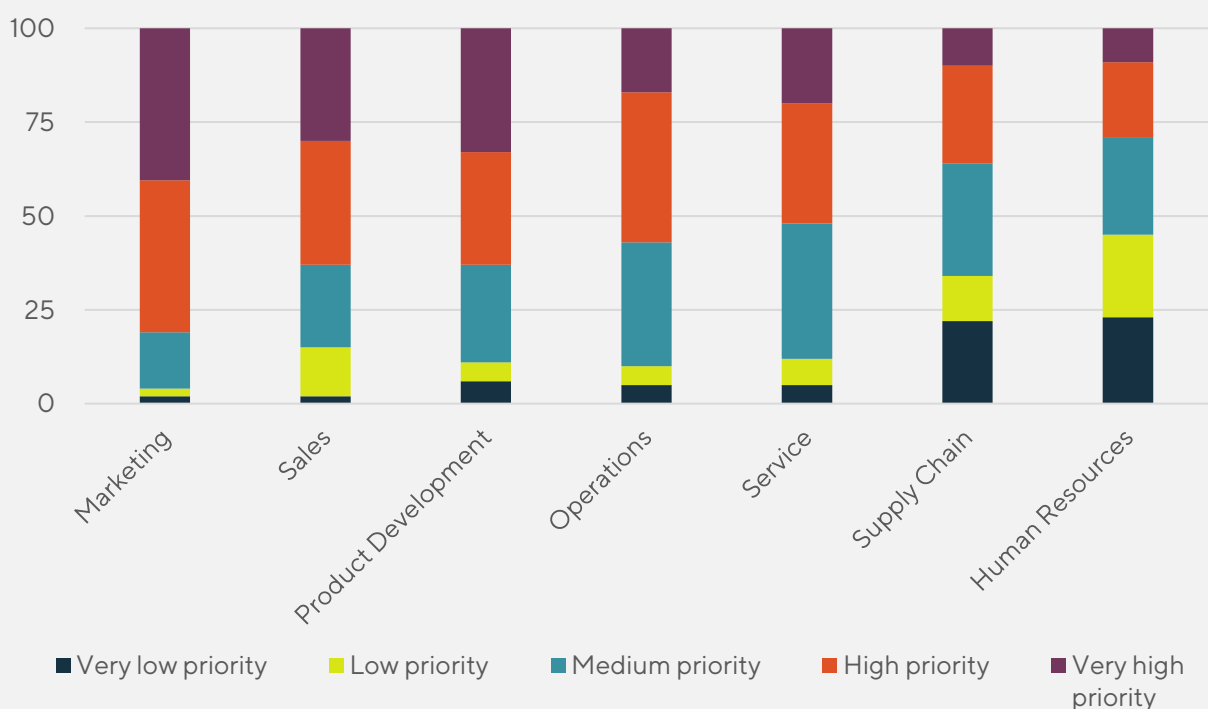
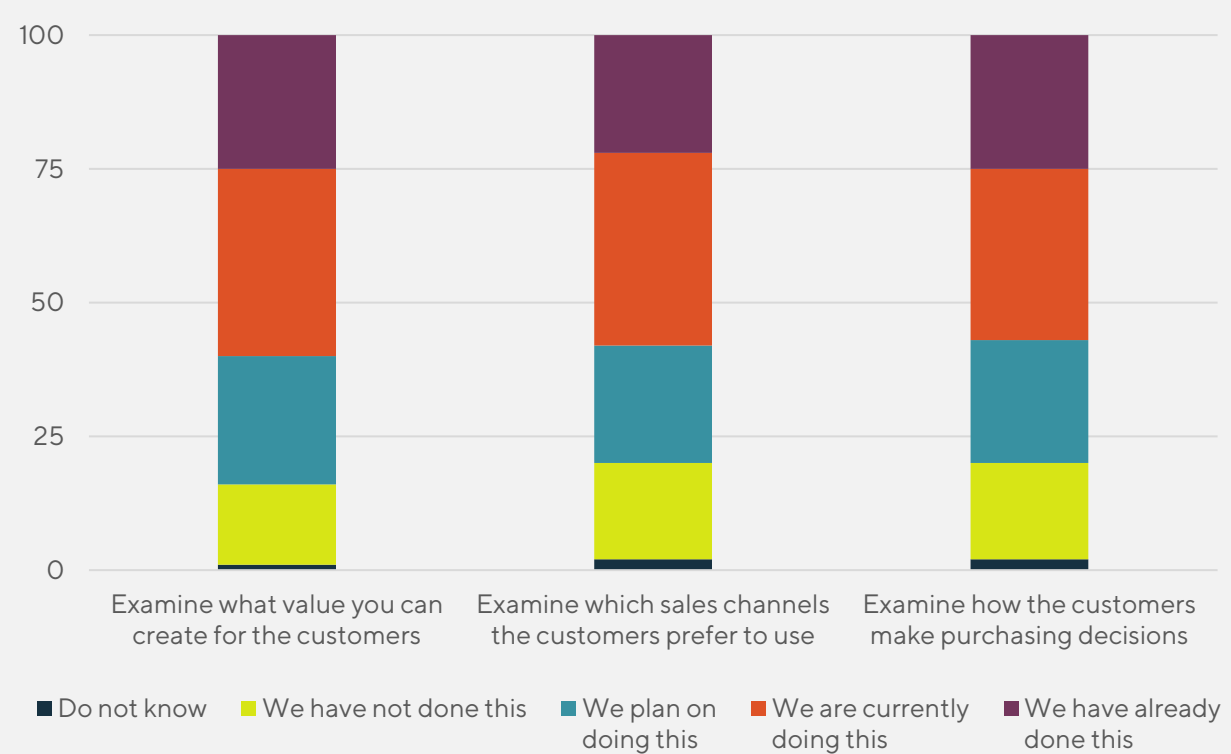


Figure 2: Many are examining the customers' buying behaviours

"What are you doing to understand how your customers' buying behaviors are affected by digitalization?"
(N=310)



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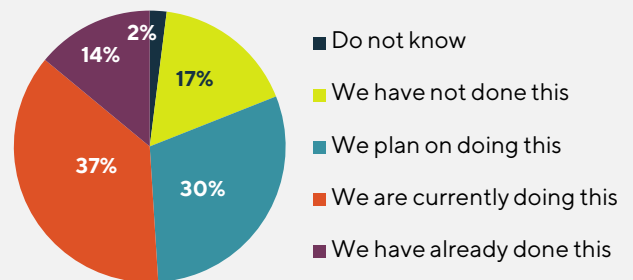
CURIOSITY ABOUT THE DIGITAL B2B CUSTOMER

Firms that truly understand what customers value are in a better position to deliver the right offering, at the right time, through the right channels to the right customers – all core for being able to achieve sustainable success in the marketplace.

Our data points to a high degree of curiosity about how digitalization impacts customer needs, wants and behaviours. More than 80% of respondents have taken or are currently taking measures to deepen their understanding of customers' perceptions of value (see figure 2). Almost as many are examining sales channel preferences as well as how customers make purchasing decisions.

Figure 3: Many are adapting new sales channels to meet changing buying behaviours
 "What are you doing to adapt your sales organization to the effects of digitalization, in terms of **adopting new sales channels to match new buying behaviours?**"

(N=310)



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RAPID ADOPTION OF NEW SALES CHANNELS

Fact-based insights of customer needs, expectations and behaviours provide a crucially important foundation to act from. For many firms, a natural next step is to invest in new digital sales channels. Many see this as just a way to reduce "cost-to-serve", but it may just as well be a way to create new value in customer interactions when buying behaviours change and power shifts to the customers (something identified by B2B sales and marketing leaders as one of the toughest challenges to master¹).

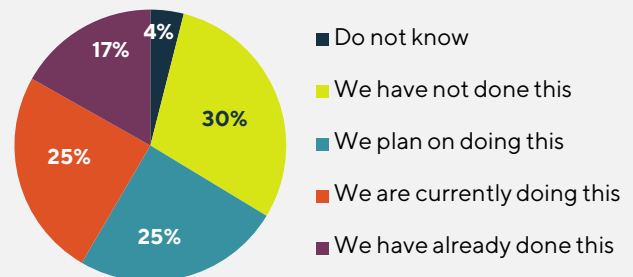
Our respondents are also acting accordingly. More than 50% of the respondents reported that they are currently working on or have already adopted new sales channels in response to changes in their customers' buying behaviors.

CUSTOMER BUYING BEHAVIOUR STILL MISSING IN B2B CUSTOMER SEGMENTATION

Firms are increasingly selling through new digital channels. However, it is important to align the choice of sales channel with the purchasing behavior of different customers through a proper segmentation of the customers. Just because firms are adopting digital sales channels does not imply that digital channels are appropriate for all types of customers and transactions.

¹ ProSales Institute. (2017). Sales Agenda 2017. Pixton, T, Ejenäs, M.

Figure 4: Few use buying behaviour as input for customer segmentation
 "What are you doing to align your marketing- and sales strategy with the effects of digitalization, in terms of **segmenting your customers based on purchasing behavior?**"
 (N=310)



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Segmentation models are often based on traditional variables such as company size, geographic location, and industry. But the choice of sales channel cannot be derived from that kind of data. Instead, behavioural data on the purchasing process is needed to draw conclusions on appropriate channels for clusters of customers.

While 51% of the respondents in our survey reported setting up new sales channels (see Figure 3), only 42% are using buying behavior as input to customer segmentation (see Figure 4). In our experience, not doing so may imply a risk for an ineffective sales approach.



HESITATION TO INSTALL NEW SALES ROLES

Digitalization impacts the sales organization in several ways, but the establishment of new sales roles and types of sales units are two inevitable consequences. To begin with, digitalization poses new requirements on current positions in the sales and marketing functions. Firms are increasingly identifying the need to install new roles such as inside sales representatives, lead generators, and data analysts.

However, only 43% of respondents stated to have introduced – or were planning to introduce new roles in their sales organizations in order to adapt to the effects of digitalization (see Figure 5).

SALES ORGANIZATIONS REMAIN INTACT

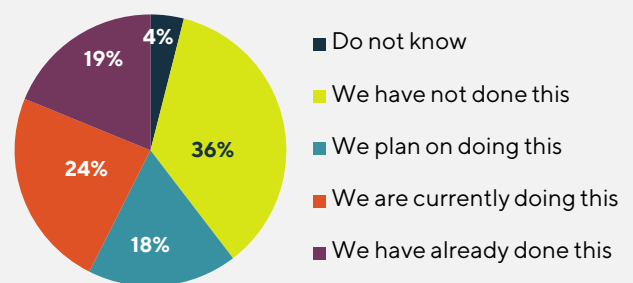
Individual sales roles is one aspect of becoming more digital, but how the sales organization is structured is also important. With new segmentation models and ways to work with customers, we also foresee new ways to structure both sales and marketing organizations.

But reorganization can be costly and painstaking. Perhaps that is why no more than 39% of respondents reported to have been – or being in the process of – refining their sales organizations in order to align with shifts in buying behaviors due to effects of digitalization (see figure 5). In other words – more than half of sales organizations are intact, despite the implied pressures on organizational models that digitalization brings.

Figure 5: Few have introduced new sales roles to adapt to digitalization

"What are you doing to adapt your sales organization to the effects of digitalization, in terms of **designing new sales roles and responsibilities?**"

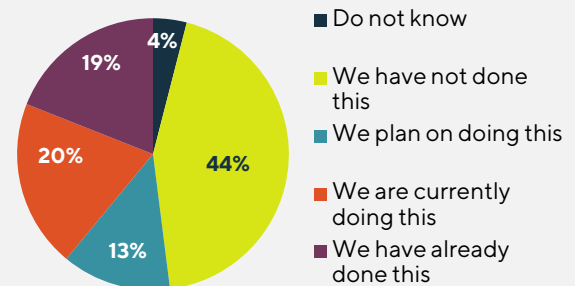
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Figure 6: Sales organizations remain intact – No new sales units to match buying behavior

"What are you doing to adapt your sales organization to the effects of digitalization, in terms of **dividing the sales organization into different units to match different buying behaviors.**"
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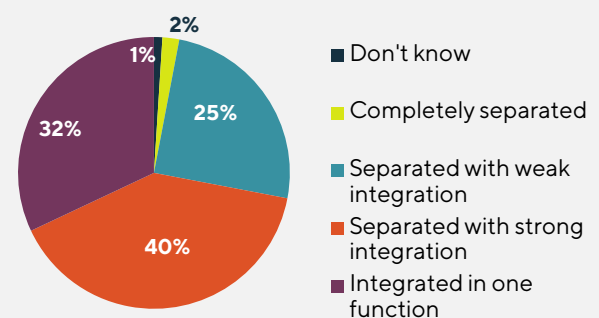
SALES & MARKETING INCREASINGLY INTEGRATED

Digitalization is speeding up the push for further alignment between marketing and sales. Not least since it has opened up opportunities for increased effectiveness in both disciplines that in turn require more frequent communication and collaboration to actually work in practice. At the core are new technologies and approaches that unlock new capabilities helping sales professionals track, measure and understand customers' "digital buying journeys".

In alignment with our observations from our client assignments, a large proportion of respondents also reported to have a strong and/or integrated relationship between sales and marketing within their organizations. Conversely, only 25% reported to have the two functions completely separated (see figure 7).

Figure 7: Most take an integrated approach to sales and marketing

"Describe the relationship between the sales & marketing functions in your company."
(N=310)



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A SHARED REVENUE GENERATING PROCESS

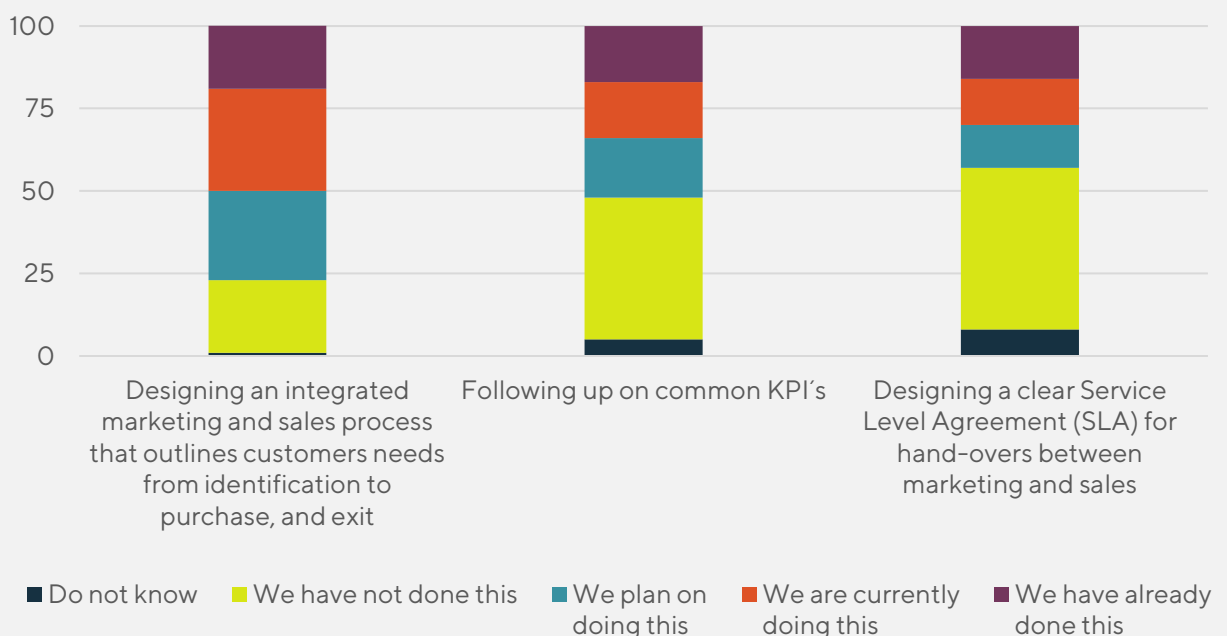
Introducing shared structures that guide marketing and sales teams to work in the same direction is a well-known best practice. These "hard" integration mechanisms are often good for further strengthening relationships between the sales and marketing functions.

More than 75% of respondents have already set up – or were in the process of – setting up an integrated marketing and sales process. Shared KPI:s or formal service level agreements (SLA) were however less commonly used and applied by only a third of respondents.

It has been shown that having these “hard” integration mechanisms can further strengthen the relationship between sales and marketing. Therefore, mutual expectations on the functions are outlined and agreed upon, such as agreeing upon the requirements of a Marketing Qualified Lead?²

Figure 8: Processes aligned between marketing and sales

"What are you doing to integrate your sales & marketing functions?"
(N=310)



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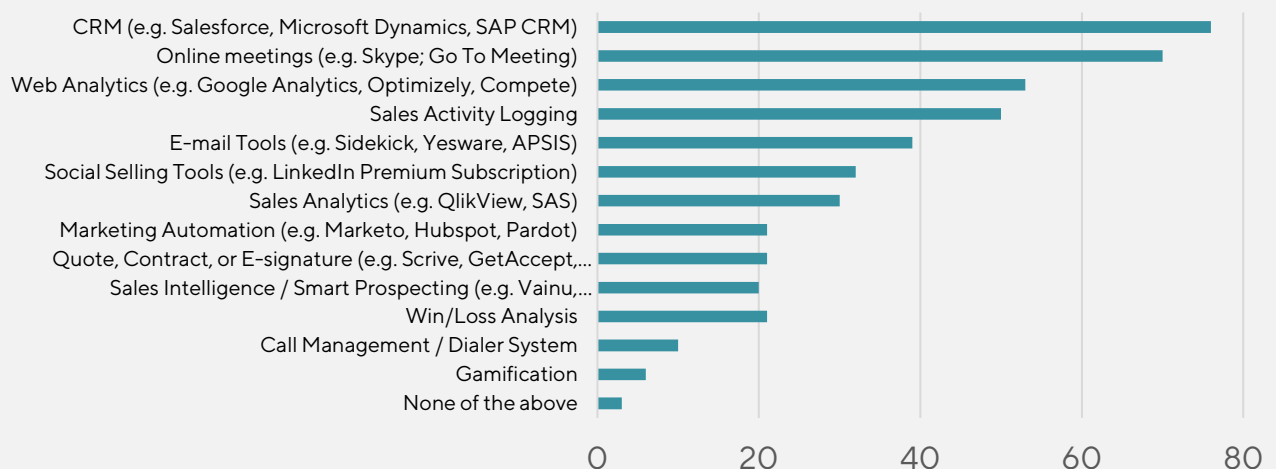
² See Pass the Baton–Not the Blame for further reading on how sales and marketing should work together. ProSales Institute. (2014).

THE MARKETING & SALES TOOLBOX IS GROWING

With digitalization comes a natural increase in the types and number of IT tools available for marketing and sales professionals. CRM systems have for long been the primary system for sales managers and reps. However, the supply of software is growing at a high pace and so is adoption. There are good reasons why: The use of digital tools has been found to increase sales performance between 5-10%.³

Our data also reflected this increase in software supply as well as increased adoption rates. Respondents reported using a wide number of different IT systems - on average six different marketing and sales applications or plug-ins. No longer the "only tool in town" CRM systems are still the most commonly used, closely followed by tools for online meetings, web analytics, sales activity logging, e-mail tracking and social selling (see figure 9). This supports the view presented above, that interactions with customers are starting to move into digital channels which in turn puts pressure on the sales and marketing processes as a whole to become more "digital".

Figure 9: Sales & marketing are becoming IT intensive – CRM systems most common
 "Which of the following systems or plug-ins are you using to support your marketing a sales process?"
 (N=310)



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³ Accenture Interactive. (2016). Empowering your sales force – it's not just automation. it's personal. Accenture Consultants.

THERE IS A NEED FOR UNLEASHING SALES & MARKETING BIG DATA

The digitalization of sales and marketing processes and the increasing number of systems in use means that most firms are overflowing with customer data. Being able to perform integrated analyses of sales and marketing data is however more challenging.

To make full use of the organizations' information assets, there is often a need to collect, integrate and analyze data from different sources and systems. For example, a question like "what proportion of won deals originate from each lead channel?" may need to be answered by integrating data from CRM and marketing automation systems.

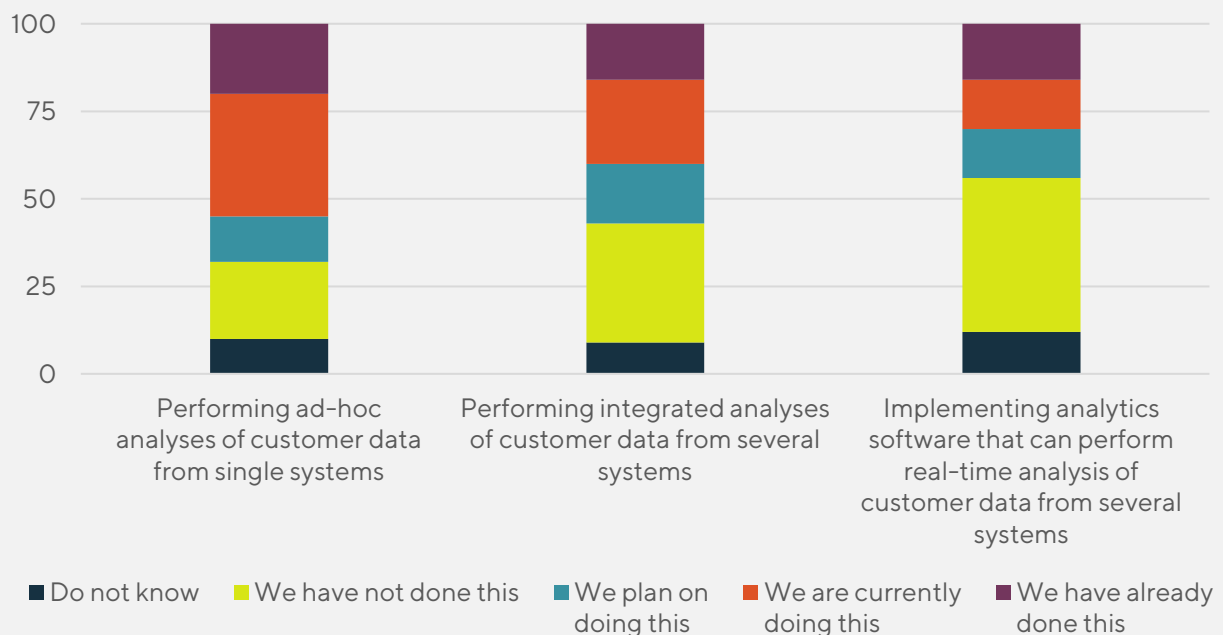
These challenges are also reflected in our data. Two-thirds of respondents plan to use – or already making use of – data from single systems in order to improve commercial performance (see Figure 10).

However, less than half of respondents perform integrated analyses of data from different systems, and more than half of the firms have not implemented software to enable real-time analysis (see Figure 10).

The latter is usually a prerequisite, since integration of data from different platforms can be challenging without a BI system or analytics software.

Figure 10: Analytics in marketing & sales still in its' infancy

"How are you working with analytics to improve your sales and marketing performance?"
(N=310)



WEB TRAFFIC AND NPS FREQUENTLY USED DIGITAL KPI:S

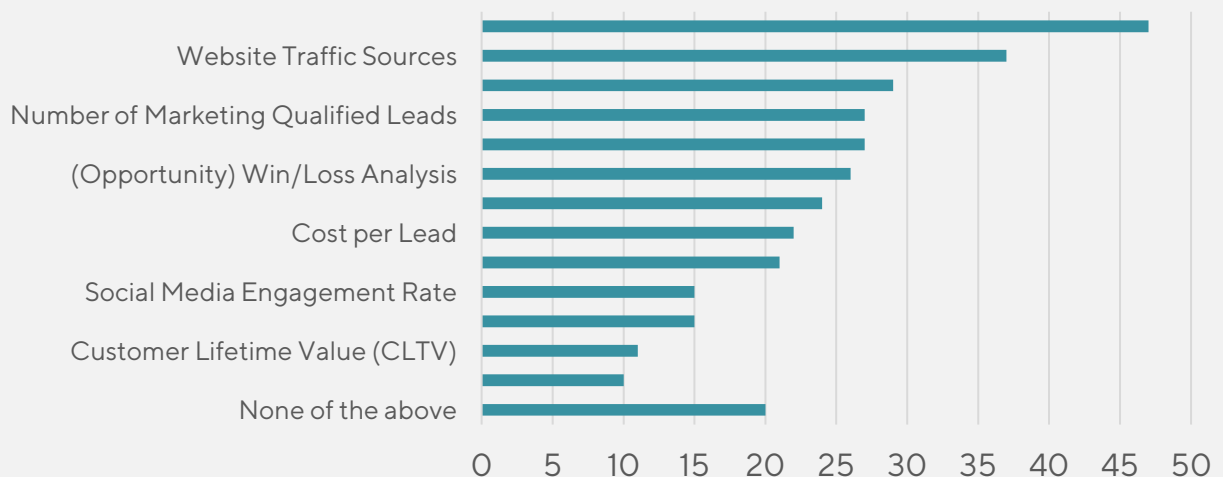
KPI:s that measure the effectiveness of campaigns and sales activities is key in order to ensure that resources are spent on what delivers results. Our survey shows that firms are using between 1 and 3 different KPI:s with website traffic-related measures, Net Promotor Score and number of qualified leads being the most frequent.

THERE IS A NEED FOR UNLEASHING SALES & MARKETING BIG DATA

The increasing availability of marketing and sales tools as well as the growing volumes of data creates a challenge in itself. Not only do firms need the systems and data – they also need to devote time and effort into making use of it. A typical solution is to introduce specific roles responsible for analyzing marketing, sales and customer data, just as there are business analysts in other functional areas.

Figure 11: Website traffic and NPS most common "digital" KPIs

"Which of the following KPIs are you using to monitor your sales and marketing performance?"
(N=310)

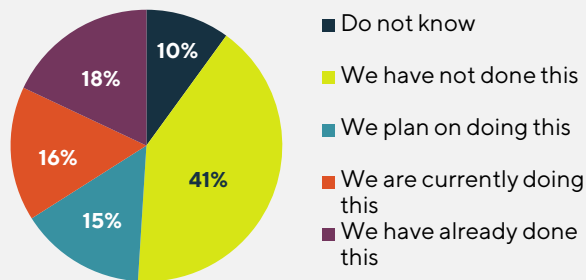




Our data shows that while some firms have started to introduce new roles within the sales organization (see above), more than half of respondents had not assigned a specific role for analyzing sales and marketing performance (see Figure 12). This implies that marketing and sales analytics is either managed by existing resources in the marketing and sales functions, by external suppliers, or not at all.

Figure 12: Few have specific roles for analysis of sales and marketing data

"How are you working with analytics to improve your sales and marketing performance in terms of **assigning a specific role that is responsible for analysis**"
(N=310)



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“Everything is happening so fast, and we don’t have the competency to keep up.”

HEAD OF COMMERCIAL DEVELOPMENT – ACCOMMODATION AND FOOD SERVICES ACTIVITIES

BABY STEPS TOWARDS "DIGITAL COMPETENCIES"

A basic enabler for an organization to be able to respond to digitalization is to have a "digitally competent" workforce. Staff with digital competence is key to be able to adapt quickly to shifting market dynamics as well as changes in customer needs and buying behaviours.

A natural step is training existing staff in "digital competencies". Our respondents have indeed started to move in this sector - over half of firms are planning to - or have already initiated training in order to boost digital marketing and sales competencies (see Figure 13).

When it comes to more strategic actions, such as repositioning the employer brand offering to better attract digital sales and marketing competence, over half of firms in the study have not gotten started (see Figure 13). The latter is vital to secure an inflow of digitally native staff members who are more attracted to firms who are digital frontrunners.

Figure 13: Actions to secure digital competencies for the future
"What have you done to secure digital sales and marketing competence in your organization?"
(N=310)



“Digital success = Don’t be afraid to fail! Be wild & crazy!”

HEAD OF DIVISION – MOTOR VEHICLE INDUSTRY

DIGITALIZATION = CULTURAL TRANSFORMATION

For most B2B firms, digitalization implies venturing out on a more winding path. More decisions need to be made under uncertainty When you start to act there will be mistakes, but also much to gain. Many firms are therefore looking to adopt attributes that promote a more innovative, risk-taking customer-oriented climate. Most of the respondents said that their organizations are embracing both a trial and error mindset (69%), as well as a willingness to dare to fail (64%) (see Figure 14).

Courage is not the only attribute needed to succeed in the digital world. With digitalization comes vast amounts of data that can be used to support decisions related to sales and marketing. However, few firms seem to be embracing this, as only 41% of respondents perceived their firms having a data driven culture (see Figure 16). Finally, success approaches to digitalization also calls for organizational agility. Data is not only big, but dynamic. Digitalization is a moving target and you need to be able to respond quickly to ever-changing markets. However, only 51% of respondents perceives their firm to be quick and agile (see Figure 14).

Figure 14: Most are neither agile nor data-driven - but courageous
"What have you done to secure digital sales and marketing competence in your organization?"
(N=310)





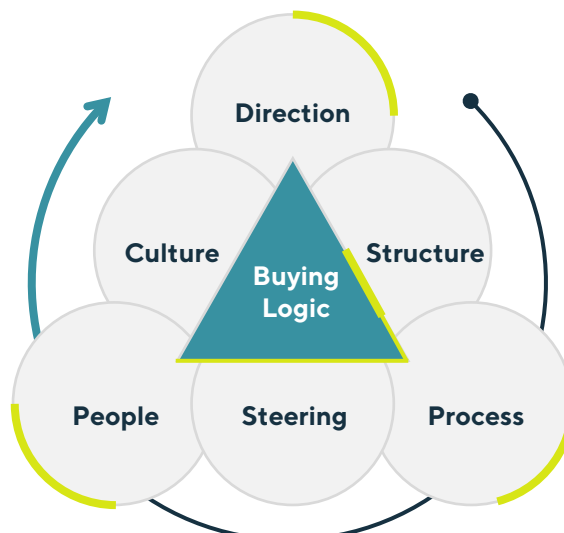
PART 2: RECOMMENDATIONS -WHERE TO GO FROM HERE

How should then leaders at B2B firms proceed when looking to implement new digital technologies to their go-to-market processes? Based on the results of this and previous studies, as well as on our experience from more than 50 tech-related consulting assignments over the last 5 years, we have identified a set of success factors. Each firm of course has it's own unique set of challenges and opportunities, but there are some common themes that apply for most:

CUSTOMER INSIGHT: GO WIDER AND DEEPER

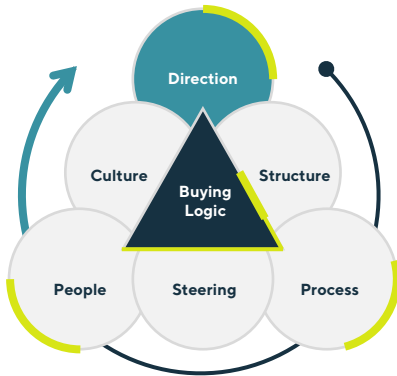
B2B sales and marketing leaders should not only keep going further in deepening market and customer insights - but also adopt a more holistic perspective when doing so.

A solid understanding of macro dynamics, competitive positioning and functional needs at the level of individual offerings are becoming prerequisites for staying competitive - "tickets to play". In contrast, differentiation is increasingly built on "granular" data on how customers make purchasing decisions - including what phases they go through, what stakeholders are involved, what information is used, and at what touch points. Across industries we see that firms more and more are going this extra mile in order to avoid being left behind by more data driven competitors.



STRATEGY: USE MORE SOPHISTICATED SEGMENTATION MODELS

Our recommendation is not only to research buying behaviours but also to use the insights as input to segment customers as well as guide them to the best suitable sales channel.

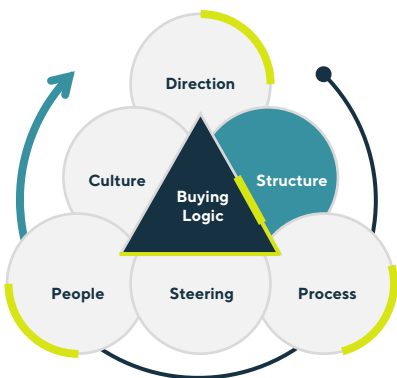


From ProSales' previous research, we have learned that an essential driver of commercial effectiveness is the ability to match sales approaches and channel allocation with customer potential and buying logic – at the sales opportunity level. The logic is simple – approaching opportunities with low potential through high cost team-based or field sales models uses up valuable money and time. Conversely, we often see organizations trying to "push" customers with considerable commercial potential, that seek highly tailored solutions into digital and even e-commerce solutions.

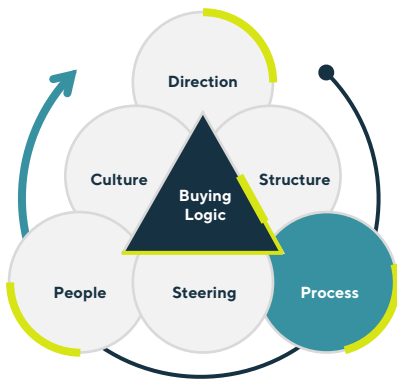
Segmenting and qualifying using buying behaviour are often substantially more powerful than only relying on traditional variables such as firm demographics and historic spend. For firms that are adopting new sales channels the need for more granular and behaviour-based segmentation becomes even more important.

STRUCTURE: REFINE THE SALES FUNCTION ORG-CHART

Firms that apply a differentiated approach to how they organize their sales and marketing teams – more aligned to differences in customer potential and buying behaviours – are more inclined to generate effective and sustainable revenue growth.



Most B2B firms have some level of differentiation of units within the sales organization based on size of accounts, geography and/or product/service line. **In order to become more effective in both digital and traditional sales channels, our recommendation is to further refine and specialize the organizational model used to structure the sales organization and to use buying behaviour as primary guide when doing so.** Ensuring that distinct units within the sales organization are specialized in one sales model each (e.g. solution sales, field sales, inside sales etc.) creates clarity and focus.



PROCESS: INTEGRATE MARKETING AND SALES

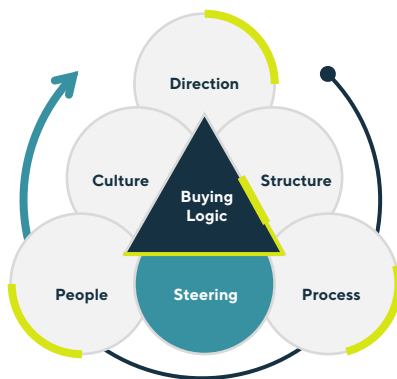
Even though many B2B firms have – or are moving towards – establishing shared and more customer oriented sales and marketing processes, further improvements can be made. To reap additional benefits, **we recommend implementing a shared set of KPI:s and for some firms, defining a service level agreement (“SLA”) between sales and marketing that detail what each function should deliver, is also a good idea.**

STEERING: USE CUSTOMER INSIGHTS AS PART OF DAY-TODAY PERFORMANCE MANAGEMENT

Many firms we have worked with have mainly approached market and customer insight initiatives as “one-off” activities. As markets and buying behaviors shift more rapidly, more value can be derived from including “outside in” measures in the on-going steering.

A key enabler for this to happen is **analytics software that makes it possible for you to improve and automate ongoing analyses of how market level activities relates to both customer buying behaviors as well as the performance of the sales and marketing team. In doing so we also recommend introducing more sophisticated performance indicators that will guide further improvements in marketing and sales effectiveness.**

More importantly we recommend making sure that the sales and marketing functions have access to skilled analysts – either in-house or outsourced. Distributing analytics tasks on the other roles comes with the risk that sales and marketing representatives are stretched to the limits and that they are short in terms of both competence and time.

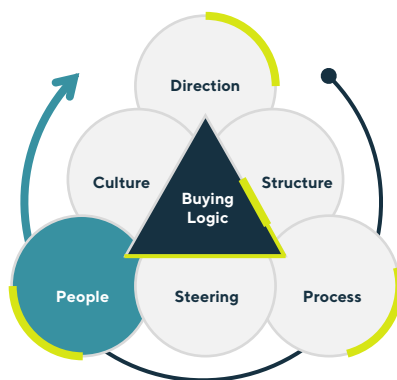


PEOPLE: REDEFINE COMPETENCE NEEDS USING THE “DIGITAL” LENS

As success in the “digital” business landscape will ultimately depend on people and competence, **we recommend approaching the “digital skills challenge” from a more long term and strategic perspective.**

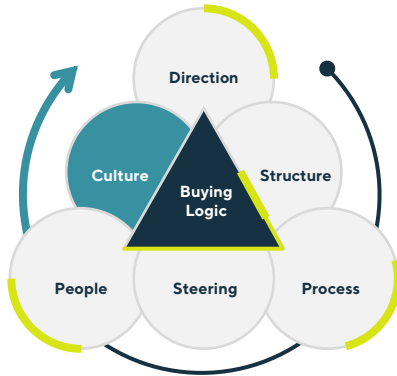
Start by defining your specific needs and analyzing the gaps. For those who have not yet done so, introducing new roles such as inside sales reps, data analysts and lead generators is a smart choice for most.

Training in-house talent will most likely not be enough. This means that recruiting new staff that is both digitally literate and have a business mindset will be required. It may be worth looking outside your industry for talent, and turning focus from the candidate’s experience taking precedence to focusing on the candidate’s knowledge instead.



CULTURE: MORE COUREAGEOUS, DATA-DRIVEN AND AGILE

Digitalization has the potential to fundamentally change the way we think about, structure and manage organizations. Not least within marketing and sales we are facing a shift where the more courageous, data driven and agile are set up to win.



We recommend being brutally honest in the assessment of how far your organization has come on this journey. Additionally, we recommend using customer needs and behaviors to guide decisions throughout the different phases of the transformation process – not only to provide a shared purpose and direction but also to foster attributes within the work environment to which many in the “digital workforce” is attracted.

The point of this paper is to address the questions of “where”, “how” and “why” digital technologies should be applied to effectively generate organic growth. In short we have pointed to deepened market and customer insights as the foundation and to using this not only to fuel more granular decisions but also to the required cultural shift. In that we think that B2B firms can find more productive ways forward in coping with – and hopefully leading – the disruption of your market. Go fast, hard and long!



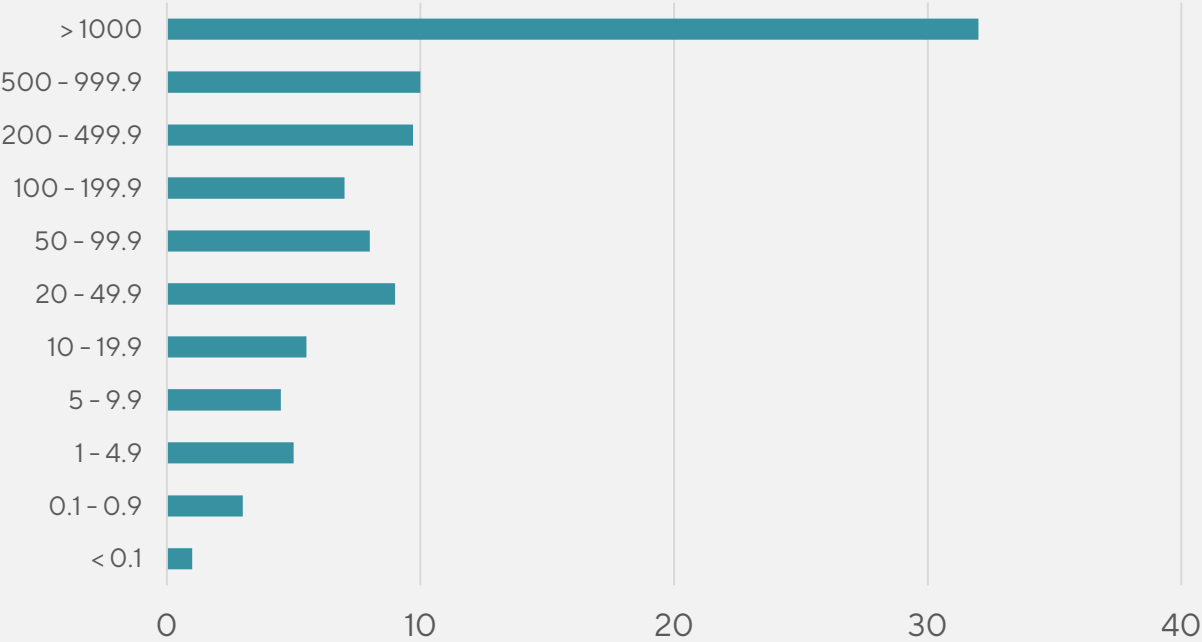
METHOD & DEMOGRAPHICS

The research was conducted in two parts: (1) interviews and (2) a web-based questionnaire.

The interviews were conducted with 10 individuals with different roles: CEOs, Managing Directors, CIOs, and Department Heads of larger B2B firms from varying industries. Each interview lasted for about 1.5 hours. The web-based questionnaire was sent out via email to the ProSales and Helsinki Sales Academy databases, as well as being published via social media channels.

In total, 310 respondents (mainly from Sweden) successfully completed 18 questions, which took approximately 15 minutes. The questions were built in accordance to the ProSales Sales Excellence Model™, assessing seven areas of importance for sales excellence.

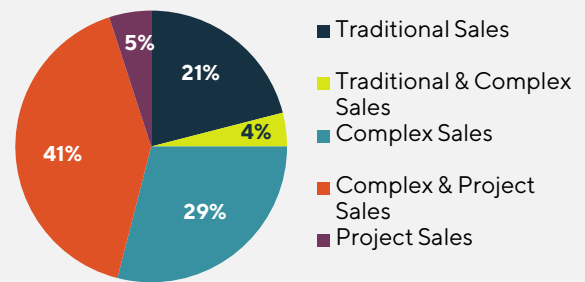
Firm size (in MSEK) represented
(N=310)



Firm sales logic represented

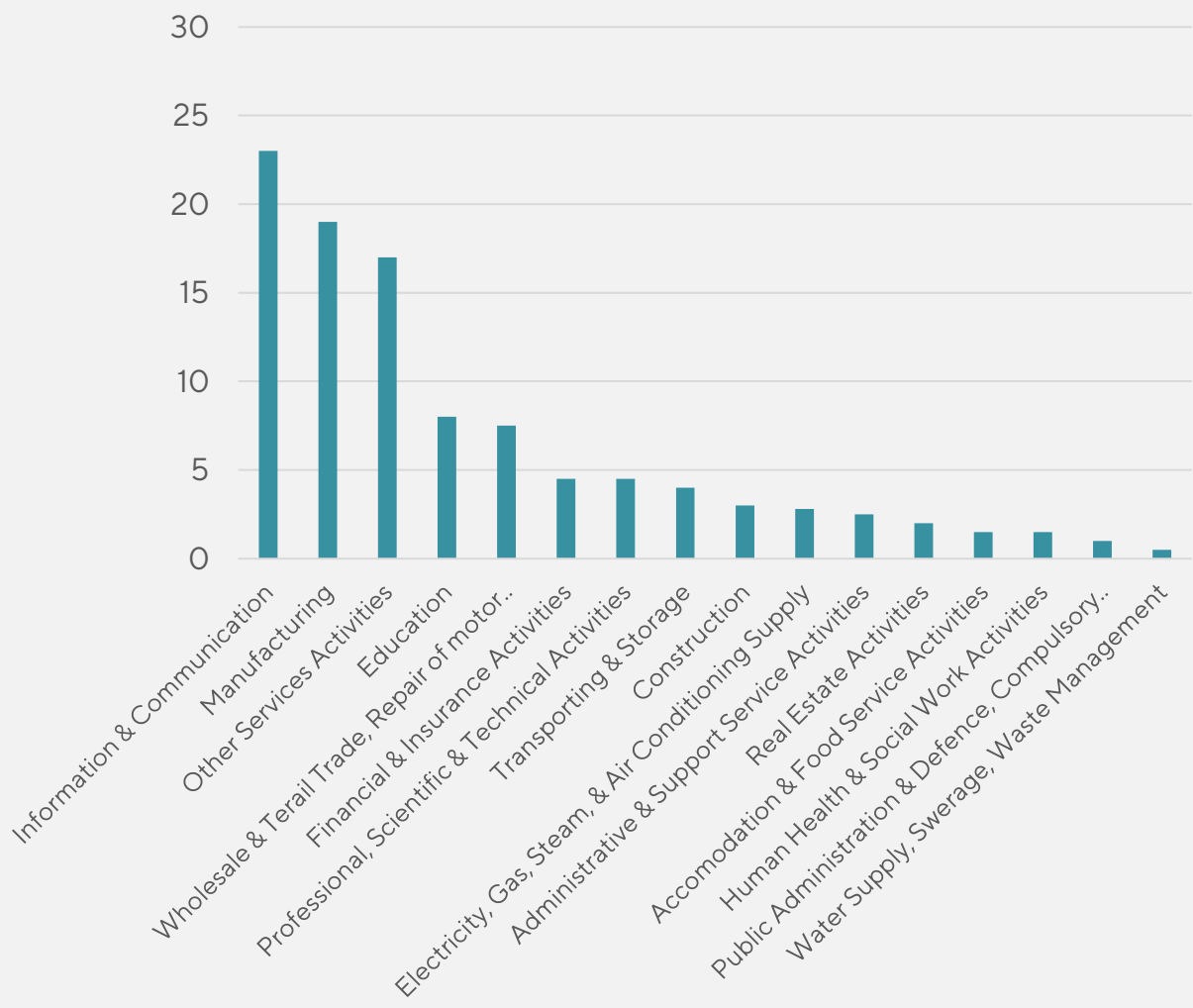
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Combination not represented in the graph:
Traditional & Project Sales=2%. Traditional,
Complex, & Project Sales=21%



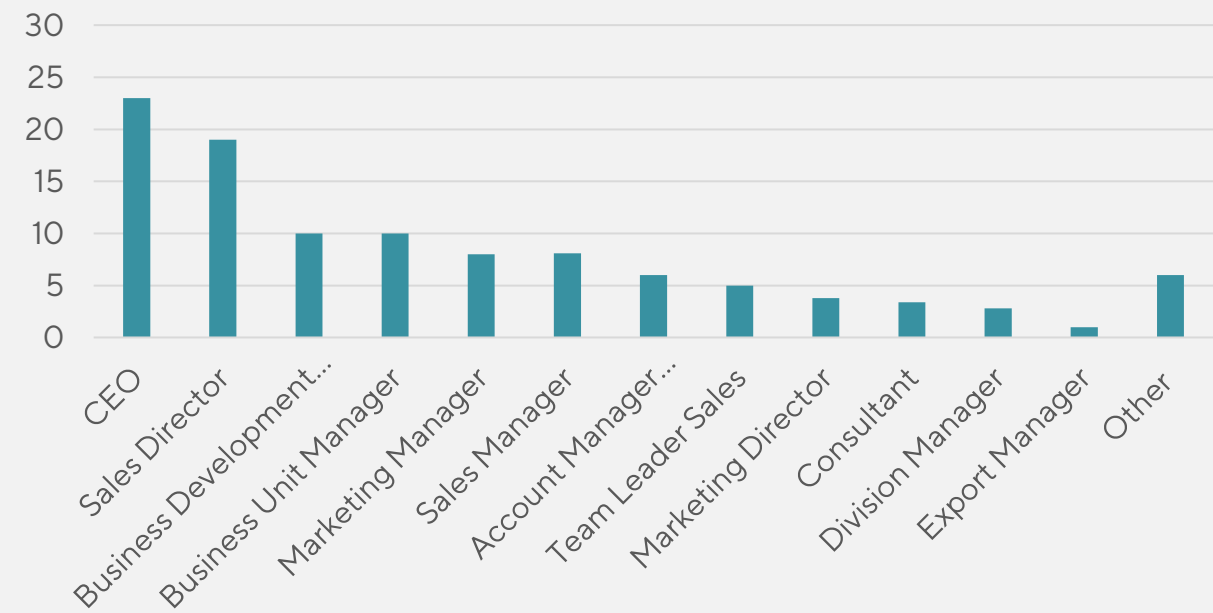
Firm industry (NACE/SNI) represented

(N=310)



Role/work title represented

(N=310)



**B2B SALES & MARKETING
DIGITALIZATION STUDY**

AWARE, BUT NOT READY

Authors: Tonya Pixton, Ph.D, Joakim Rönnblom

Editor: Ph.D. Markus Ejenäs

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