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THE SIX STEPS OF

The Revenue Marketing Framework

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The Six Steps of the Revenue Marketing Framework

"As CMOs increasingly take on the lion's share of technology budgets, they will have to think like CIOs and justify their spend in the language of CFOs: cost savings, revenue, and profit. This accountability will force CMOs to address the elephant in the room—that much of their spending is not able to be measured against revenue and profit outcomes."

— Sarah Kennedy, Chief Marketing Officer, Marketo

"B2B companies are seeing an average of 15 to 18 percent lift in revenue as a result of implementing a closed-loop attribution system and then optimizing marketing programs based on the more sophisticated analysis."

— Tina Moffett, Research Analyst, Forrester

"CMOs are first in the firing line if business growth targets are not met."

— Accenture Strategy Report

"Marketers with P&L responsibility have 20% higher budgets than those without a share of P&L ownership."

— Gartner CMO Spend Survey

The Six Steps of the Revenue Marketing Framework

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The Evolution of B2B Marketing

Pre-1990: Impressions & Brand

B2B marketing, prior to the Internet (imagine that!), was much harder to track than it is today. It was about relationships, meeting face-to-face and by phone; mass marketing focused on brand, reputation, and from a metrics perspective: impressions. TV spot reach would be determined by ratings, the reach of a magazine ad would be based on their circulation, and then your marketing department could hire an agency to run a phone survey to measure brand impact.

Mid-1990s: Web Impressions

With the gaining popularity of the Internet and the growing promise of digital marketing (and the ability to track digital marketing), marketers began to put an emphasis on web impressions. In the mid-90s, technology developed from simple visitor counts to more advanced web analytics including Omniture (now part of the Adobe Marketing Cloud) and Urchin (now Google Analytics).

While issues like bot traffic and repeat visitors were hard to measure, at least web impressions gave marketers some sort of hard metric to report.

Mid-2000s: Leads

With digital taking over an increasing part of the buyer journey, leads started to become the name of the game. While the concept of automating marketing tasks to improve efficiency had been around for a while, it really didn't take off until email and email marketing became ubiquitous in the mid-2000s. With the ability to efficiently send email to thousands, even millions, of people at a time, leads became gold for marketers—the ultimate metric.

With this evolution came the rise of marketing automation software, including Eloqua, Pardot, HubSpot, Marketo, Act-On, and more. While these are now staples of the B2B martech stack, it was a nascent technology not too long ago.

Today & Beyond: Revenue

Fast forward to today: despite data showing that impressions, visitors, and leads don't necessarily correlate with revenue, many B2B marketers still haven't moved beyond these early metrics.

But with the growing capability of marketing technology, it's time for B2B marketers to evolve once more. The rest of the organization, from Sales to Finance, are revenue-focused—Marketing should be as well.

Pre-1990	Mid-1990s	Mid-2000s	2019 & Beyond
Reach & Brand	Web Impressions	Leads	Revenue

The Revenue Marketing Framework

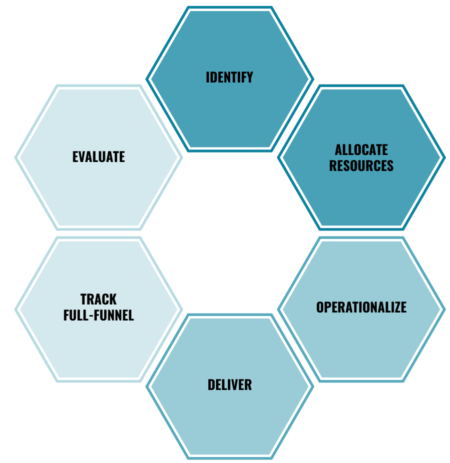
The story is clear: marketers need to focus on the metric that matters: revenue. More and more management teams are holding the marketing department, and the CMO in particular, accountable for driving growth.

If marketers want to keep their budgets growing—or even just defend their current budget—they must be able to demonstrate performance and prove success in the language of the C-suite: revenue.

In this ebook, we'll discuss a framework for revenue marketing. There's no guru magic or silver bullet—it's a solid process that, executed well, enables marketers to understand and improve their revenue and ROI performance.

Here's the revenue marketing framework:

PLAN



STEP 1: IDENTIFY

Identify key groups that are most likely to close, from demographics/firmographics to specific accounts & contacts (ABM)

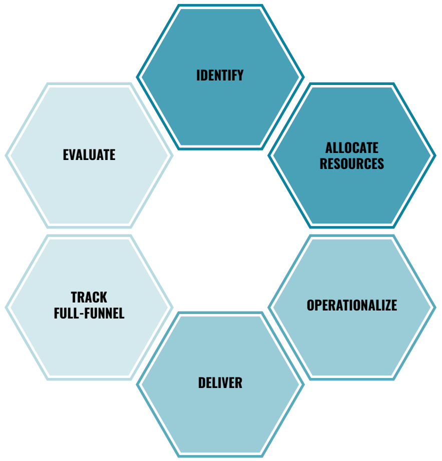
Marketing strategy typically starts with answering the question, “Who?”. Who is our ideal customer? Who are we trying to persuade with our messaging? Who is our audience?

Figuring out who, specifically, you are selling to informs the rest of your strategy. Once you have an idea of who your target customers are, you can research where they spend their time, where they consume information, what their challenges are, and more.

For many organizations, the audience can easily be defined by a demographic or firmographic trait. You could be selling into IT departments at hospitals. You could be selling into the finance department of Fortune 500 companies. Or you could be selling into marketers at software or SaaS companies. These, conveniently, are the primary targeting filters for the majority of ad networks and are also included in the prospectus for event sponsorships.

For others, it can be a little bit more challenging. If you sell into a variety of industries, departments, geographies, etc. there may not be clear lines that define your audience. For companies without clear demographic or firmographic boundaries, it’s important to try to identify a common string between your target audience, such as technographics, the use of a certain type of technology.

SIGNAL TYPE	EXAMPLES
Demographics	Age, income, education level
Firmographics	Company size (number of employees), company location, company revenue, company age or stage, industry, advertising spend
Technographics	CRM, marketing automation software, cloud servers, ad networks, sales automation software, artificial intelligence
Intent-Based or Behavioral	Search terms, email opens and replies, website visits, social media engagement, keyword use on their website



SIGNAL TYPE	EXAMPLES
Account Rating	Based on sales prospecting
Engagement-Based Grade	Based on prospect engagement

So far we've covered demographic and firmographic signals, which are easy to identify, and technographic signals, which are a little more challenging to identify. Another avenue for identifying your audience is to look at the behavioral signals of your current customers, like intent or news and public relations signals, and identify other companies that share the same signals. Are they posting on social media about your industry? Do they have open job listings that pertain to your industry? Did they just hire an executive who is on a mission to transform her department in a way that requires your product?

For marketers who employ an inbound strategy, identifying your audience—company characteristics and the key personas—helps define the content that you create. What kind of content will attract and resonate with IT departments at hospitals or finance departments of Fortune 500 companies? Do they prefer long-form reports, blog posts, videos, presentations, or something else?

According to the 2017 Content Preferences Survey research from DemandGen Report, 76% of buyers want marketers to "use more data and research to support content" and 74% want marketers to "curb the sales messages." Furthermore, 62% of buyers want "prescriptive content" like 7 steps to better X. Insights about what your audience prefers like these are important, and the more you can discover about your particular audience, the more effective your marketing will be.

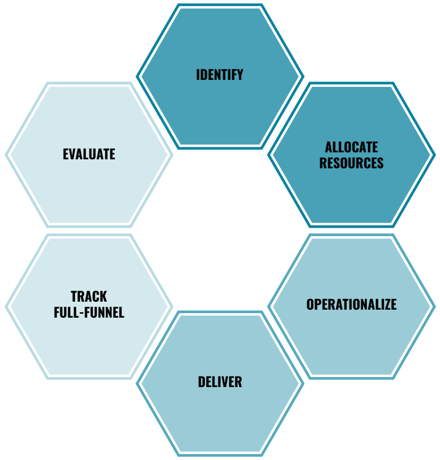
For those who have implemented an account-based marketing strategy, the Identify step requires another process: finding all the accounts that fit your criteria.

To do so, there are numerous platforms with massive databases in which they can sort and search based on defined criteria. Many organizations also task their sales development team with prospecting accounts and identifying the key personas and contacts within them.

Alignment with Sales on the target audience definition is crucial. If the marketing team is going to spend time and money on attracting and nurturing this audience for their sales team counterparts to follow up with, it is important that they agree on the definition of a good fit.

Finally, as we'll discuss at the end of the sixth step, Evaluate, defining the ideal target audience is not a one-time activity, but rather, a process that should be informed by performance data, thus continuing the six-step cycle of revenue marketing.

PLAN



STEP 2: ALLOCATE RESOURCES

Allocate budget to programs and channels based on historical and forecasted performance

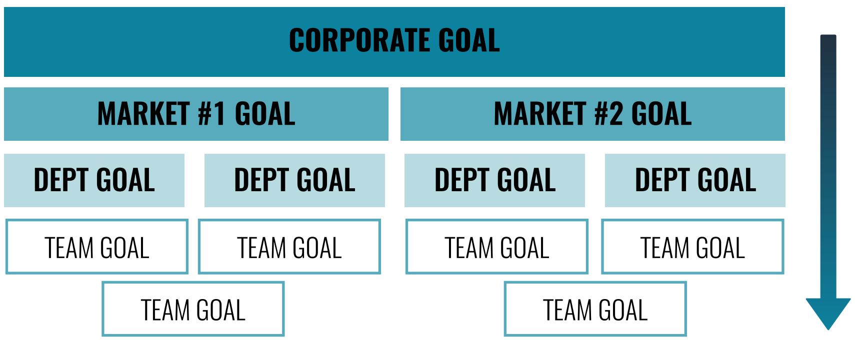
With a clear idea and with agreement from the sales team of who the target audience is, it's time to allocate the marketing budget to most effectively reach them.

One of the biggest challenges, where marketers often fall short, is that they plan and allocate budgets in silos. Marketers need to work within an overarching strategy, where goals are collaborative, and there is a plan for holding budgets accountable. While the relationship between Marketing and Sales is often highlighted, it's also important here to create alignment between Marketing and Finance, as they pull the budget strings.

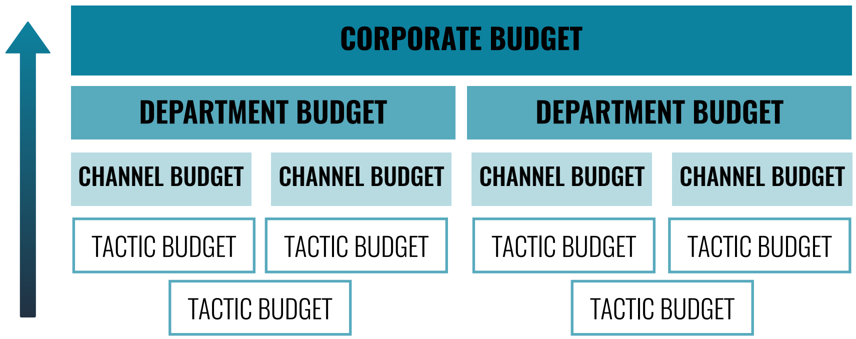
Typical allocation strategies are "what we did last year +/- X" to account for growth or austerity, or what is often called the "peanut butter" approach, which spreads the budget over all activities that the team wants to do. The benefits of these approaches are that they are easy to implement because they don't require much advanced data; however, on the other hand, their simplicity can lead to misallocation and missed opportunities.

A more sophisticated way to allocate resources is to leverage historical performance data to inform decisions, which we'll cover in-depth in Step 6, Evaluate. A simple example at the tactical level is that if you invested $50,000 in an event and it didn't result in a significant number of conversations, leads, opportunities, or revenue, don't do it again. Perhaps reallocate that budget to a different event that did result in more positive outcomes or to a different channel altogether.

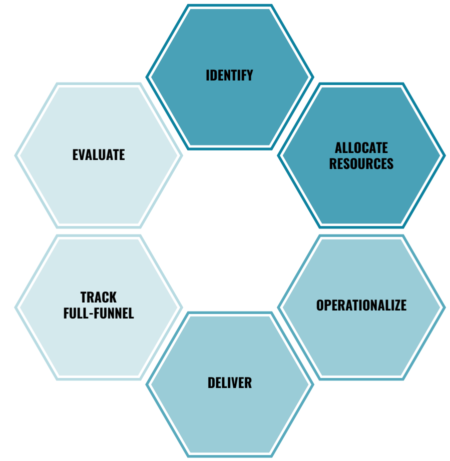
An effective planning strategy is to use both a top-down and a bottom-up approach to budget allocation. The top-down approach focuses on strategy. It begins with establishing the corporate goal, then flowing that goal down to markets (i.e. new versus established), then working your way down to how departments contribute to that goal, and how segments contribute to that goal.



[TOP-DOWN STRATEGY APPROACH]



[BOTTOM-UP TACTIC APPROACH]



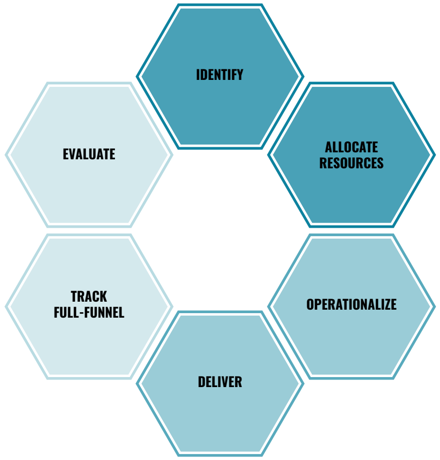
Once those goals are established, from the bottom-up, formulate a plan at the tactical level. Determine what budgets are necessary for each campaign and strategy to meet your goals. Each of those budgets will flow back up to the total budget.

Effective allocation also earmarks budget or is flexible enough to accommodate for new opportunities that arise throughout the year. If 100% of your budget is set at the beginning of the budgeting period with no room for experimenting or capitalizing on good opportunities, you may miss out on growth.

Once the budget plan is set, it's time to execute.

> "While the relationship between Marketing and Sales is often highlighted, it's also important here to create alignment between Marketing and Finance, as they pull the budget strings."

EXECUTE



STEP 3: OPERATIONALIZE

Operationalize sales and marketing process to maximize teams and technology

Once the plan is set, the first step to putting it into motion is to operationalize it—align both technology and resources for optimal use. Who needs to be involved and at what stages? Do the required technologies play well together? What are the incentives for great execution and how do you get everyone invested in the success of your program?

This step, again, requires aligning stakeholders and getting everyone on the same page. Prior to delivering, you must consider how the new initiative or campaign will impact each teams' processes. Will each required person do their part if it's out of the normal routine? Is everyone properly incentivized? What can be automated and what needs a personal, manual touch? If it's multi-channel, how do you ensure that the message is aligned everywhere? Furthermore, who has the necessary data to deliver the optimal message? The marketing team might have great data on what campaigns the prospect has interacted with, but the sales person might have great intel from a phone conversation.

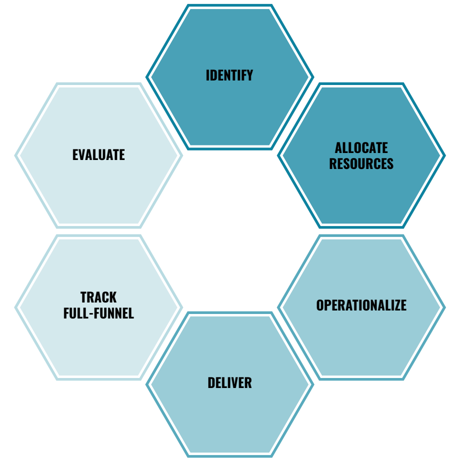
The last consideration is if new technology is required. Who owns the new technology? What training is required? And does it integrate with the rest of the martech stack?

When it comes to operationalizing technology and resources, there are a lot of questions that must be answered and a lot of teams and interests to align. It may seem like a lot of work, but getting it right in this step goes a long ways to ensure that the following step, Deliver, is effective.

KEY QUESTIONS

- Who needs to be involved?
- Is everyone involved appropriately incentivized for great execution?
- Who has the necessary data to deliver the optimal message?
- Do the required technologies integrate with each other?
- What can be automated and what needs to be done manually?
- Is new technology required? Who owns it?
- What training is required?

EXECUTE



STEP 4: DELIVER

Align teams and coordinate tasks to execute on planned programs at every stage of the funnel; optimize in real-time at the channel or program level

Finally, it's time to deliver. This is where the bulk of marketing time and technology takes place today. If you look at Scott Brinker's famous Martech landscape of 5,000+ martech vendors, the vast majority belong in this category.

[chiefmartec.com, Marketing Technology Landscape Supergraphic (2017): Martech 5000]

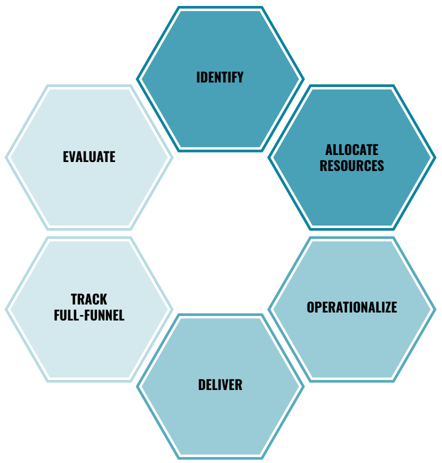
B2B marketers have hundreds of channels to choose from when it comes to delivering their message, but, in general, it comes down to three categories: paid marketing, organic marketing, and sales development.

Paid marketing comprises ad networks—search, social, native content, events, display, direct mail, etc.—that offer content placement for a cost. Each offer unique targeting capabilities, from simple demographic-based targeting, to retargeting people who have already visited your website, to serving ads to employees with specific titles at specific companies.

As the name suggests, organic marketing comprises all the methods your audience engages with you organically, be that through search engines, (non-paid) links from other pages, direct (typing your URL into their browser), earned social media sharing (peer-to-peer), and others. Often, these involve some component of word-of-mouth sharing.

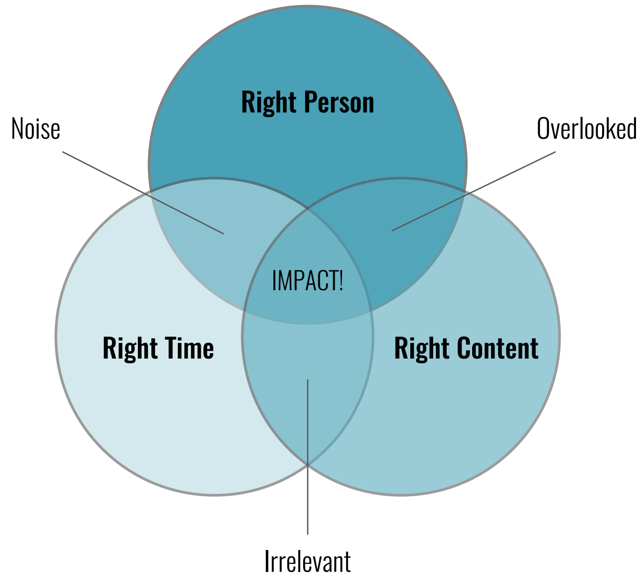
The third category is sales development, which includes all of the outbound efforts from your sales team, such as cold phone calls, emails, and increasingly, social selling.

Using the data and processes set up in the Operationalize stage, marketing channel owners can leverage their abundance of technology to

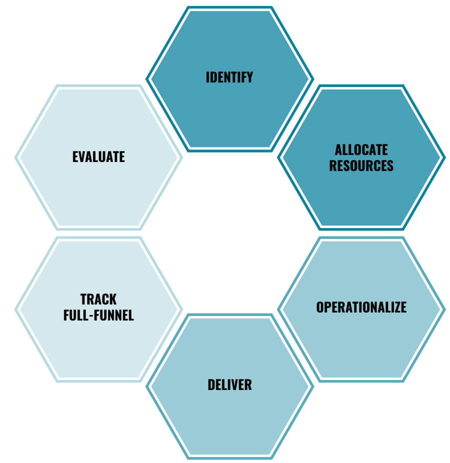


> “Marketing channel owners can leverage their abundance of technology to meet prospects where they are with relevant messages.”

meet prospects where they are with relevant messages. Today, effective marketing requires multi-channel campaigns, such as direct mail, timed emails, phone calls, and display ads. With prospects receiving more information than ever before, effective marketing needs to stand out from the noise by delivering to the right people at the right time with the right content.



MEASURE

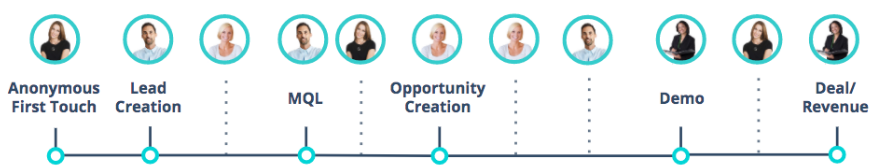


STEP 5: TRACK FULL-FUNNEL

Track the complete prospect/buyer journey across all touchpoints from the very first touch to closed deal

In order to know what channels are performing, marketers need full-funnel buyer data, from the first anonymous touch to closed-won and everything in between.

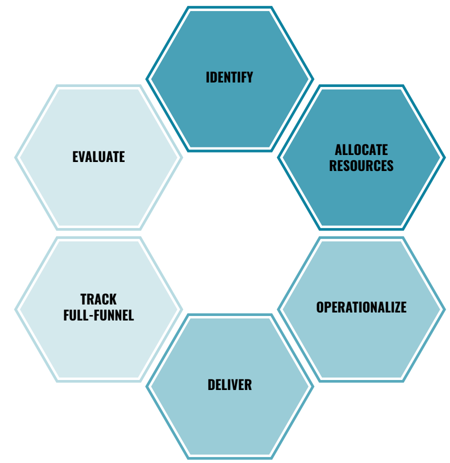
If marketers are only measuring certain parts of the funnel, any following revenue analysis will be misguided, especially as marketers are increasingly responsible for and impacting more and more of the funnel. For example, if you're only tracking the lead creation stage, all marketing targeted deeper in the funnel, such as at MQLs, SQLs, and opportunities will be undervalued.



Through existing marketing automation tracking and reporting, most B2B marketers have a strong grasp of the lead stage. But as marketers look to increase their impact, marketers will need to look for greater tracking capabilities at both ends of the funnel: connecting anonymous visits to downstream revenue, as well as tracking marketing's impact post-opportunity creation (a large component of ABM strategies).

Not only must B2B marketers track the full funnel, they must also track and leverage granular levels of data in order to truly understand performance. That granular data comes from a variety of sources, which can be

ACTIVITY	TRACKING MECHANISM
Website activity and organic traffic	JavaScript
Digital ads	Ad network analytics
Email, miscellaneous digital activity	URL parameters
Offline activity	CRM campaigns
Sales activity	Sales automation analytics
Inbound calls	Call tracking software

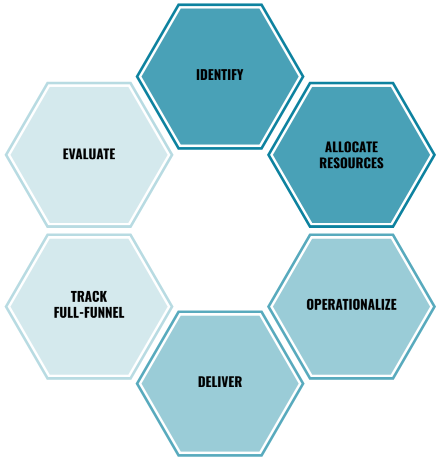


organized into six categories: website activity and organic traffic which can be tracked by a JavaScript tracking code, ad network activity (e.g. clicking on an ad) which is tracked by the ad network, miscellaneous digital activity which can be tracked by URL parameters, offline activity which is typically tracked by CRM campaigns, sales activity which can be tracked via sales tools or the CRM, and inbound calls which can be tracked by call tracking software. Together, these track virtually every interaction.

Manual actions are always a weakness for data accuracy. Whether it's a misspelling in a URL parameter or someone forgetting to tag a page, full-funnel tracking and accurate data is susceptible to human error. In general, the more that can be automated and the more that data systems are integrated, the better the data will be.

> "If you're only tracking the lead creation stage, all marketing targeted deeper in the funnel, such as at MQLs, SQLs, and opportunities will be undervalued."

MEASURE



STEP 6: EVALUATE

Connect marketing efforts to revenue and evaluate performance based on revenue and ROI

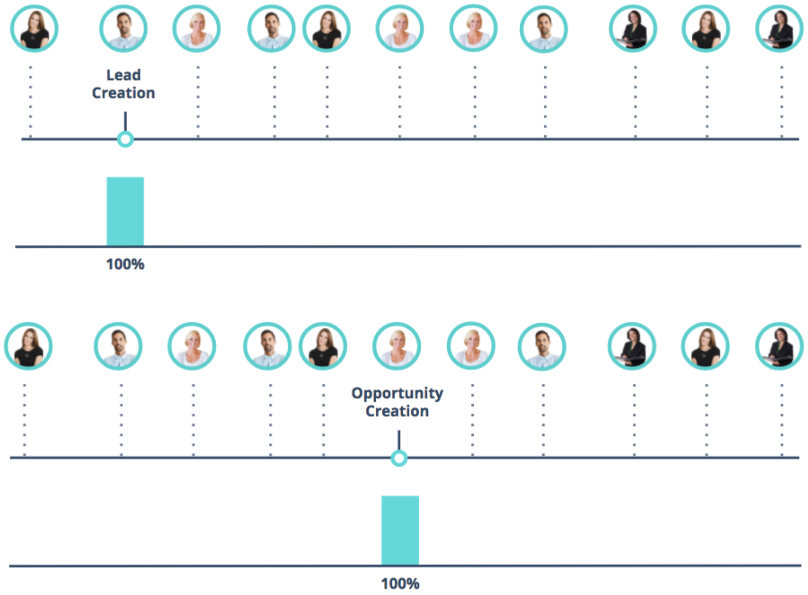
It's not enough to just track and gather data. The purpose of measuring is to evaluate. How does your performance compare to past performance? How does the performance of one channel compare to another? Or one campaign to another? These are the questions your marketing team must be able to answer to effectively drive and increase impact on revenue.

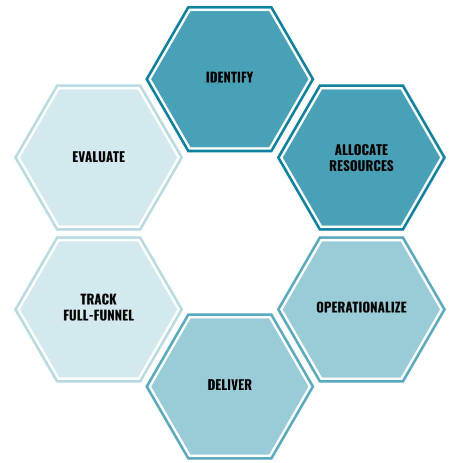
Data should be centralized and normalized so that campaigns and channels can accurately be measured together and measured against a common metric.

In B2B marketing, the buyer journey is complex (and increasingly so). There are tens to hundreds of interactions through multiple channels and even multiple contacts for each account. Altogether, it's a lot of data that needs to be compiled, centralized, and normalized so that campaigns and channels can be accurately measured together and against a common metric. Only then can you objectively evaluate performance and make smart decisions.

How revenue credit is applied to each of the marketing interactions that preceded the deal depends on the attribution model. And the attribution model applied to the data can have a significant impact on the evaluation, so it's important to get the attribution model right.

Most organizations start with a single-touch attribution model—typically either a lead creation model or an opportunity creation model. While these are relatively simple because they require just one data point and are easy to understand, they don't accurately reflect marketing's impact on the full funnel.

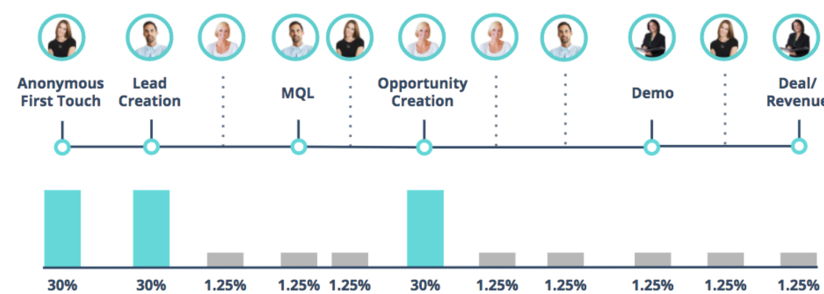


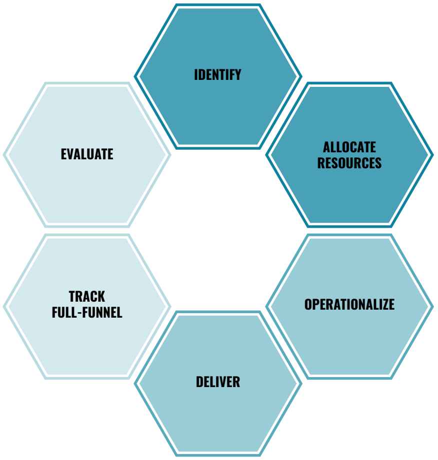


Moving to a multi-touch model, the simplest is a linear or even spread model, where each touchpoint receives an equal fraction of the credit. If there are two touchpoints, each receives 50% of the revenue credit. However, if there are 1,000 touchpoints, each receives 0.1% of the revenue credit. It's an easy multi-touch model to understand, but it also oversimplifies the journey—not every interaction has an equal impact.

More advanced multi-touch models give credit to every interaction, but give additional weight to certain critical interactions. A W-Shaped model gives 30% of the credit to the very first touch, the lead creation touch, and the opportunity creation touch, with the remaining 10% evenly spread among every other touchpoint. A Full Path model gives 22.5% credit to the very first touch, the lead creation touch, the opportunity creation touch, and the closed-won touch, with the remaining 10% spread among every other touchpoint.

The last category of attribution models include custom models and models based on machine learning. These give marketers an opportunity to use their wealth of historical data to tailor their models, as well as manually tweak it as they see fit.



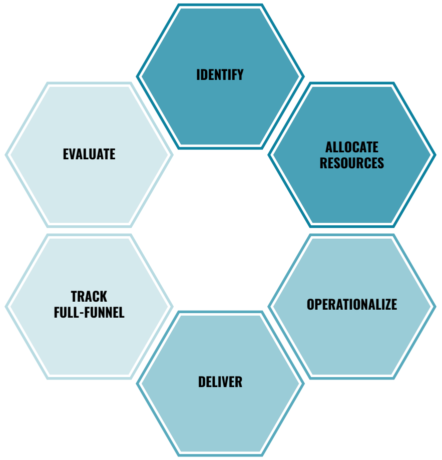


The goal of attribution models is to represent the buyer journey, so the model you choose to evaluate your marketing performance should be based on your unique buyer journey. Are the right stage transitions represented? Do the weights reflect the accurate increase in likelihood to close?

With the right attribution model and credit distributed to touchpoints, marketers can slice and dice the data to evaluate revenue and ROI performance. What channels and campaigns are driving the most revenue? Which increase win rates and deal velocity? And depending on the granularity of the data collected from Step 5, marketers can even understand their revenue performance at the ad and keyword level.

Channel and campaign level data is great for understanding overall marketing performance and high-level allocation. Having revenue data at the ad and keyword level helps channel marketers with day-to-day or week-to-week optimization.

> "The attribution model applied to the data can have a significant impact on the evaluation, so it's important to get the attribution model right."



BACK TO STEP 1: IDENTIFY

Use the data and insights from Step 6 to inform changes to future marketing programs

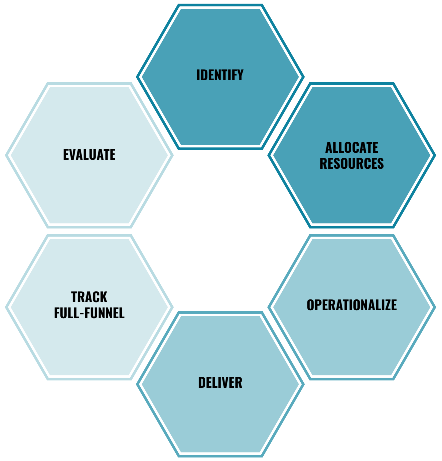
Marketers don't evaluate performance for the sake of evaluation. The analysis done and the insights gleaned should be used to improve future performance. What worked previously? If you could invest more money, where would you put it? Did the tests from the test budget pay off? Should you do more of it next period?

Furthermore, combining great revenue data with the data collected in Step 1, Identify—firmographic, demographic, technographic, etc.—marketers can analyze win rates, ROI and more, which should be used to refine future audience targeting.

If using predictive technology to plan marketing, predictive technology is only as useful as the underlying data. Having great revenue data breeds better predictions and better predictions breeds better performance.

The Revenue Marketing Framework reveals a simple truth about B2B marketing: Marketers don't need to follow the latest hacks, trends, and fads—to generate revenue, marketers need to have a solid strategy and the ability to accurately measure the return on their efforts. This allows them to discover data-backed insights, optimize activities, and invest in effective efforts.

"Having great revenue data breeds better predictions and better predictions breeds better performance."



CONCLUSION

“Half the money I spend on advertising is wasted; the trouble is, I don’t know which half.”

— John Wanamaker

By now this centuries-old quote is a little cliché, but the sentiment still rings true. Whether it’s half or 30% or 10% or whatever percentage, all organizations are investing in some amount of marketing that isn’t contributing to revenue. The challenge is identifying those efforts. Revenue marketing in 2019 and beyond is all about identifying the activities that aren’t performing well and putting those resources to better use, whether that’s reallocating the budget to higher performing campaigns or trying something new.

With a century of advancements in technology, marketers today can identify a better target audience, allocate to higher performing channels, increase internal alignment in the operationalize phase, deliver more effectively, track data more accurately, and evaluate again. Rinse and repeat.

PIPELINE MARKETING

Even though marketing technology has matured and analytics systems have been able to capture more complex data and insights, far too many companies are still using metrics like lead volume to measure their performance. Optimizing for lead quantity rather than quality creates problems, such as misalignment with the sales team, inefficient media spend, and being seen as a cost center rather than a revenue driver.

If your intention is to grow your business, shouldn't you want to focus on generating customers and revenue, not leads?

The solution is pipeline marketing. Rather than only focusing on the top of the funnel and then passing leads to the sales team, pipeline marketing focuses on impacting the entire funnel. By connecting marketing and sales data, marketers are enabled to make decisions and set goals based on the ultimate outcome of marketing: revenue.

Learn more at pipelinemarketing.com

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