B2B Marketing's March to Digital Competency

B2B marketers plan customer experience and digital investments to stay competitive

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Summary

In brief

As the lines between business-to-business (B2B) and business-to-consumer (B2C) marketing continue to blur, the B2B marketing environment looks set to change, with companies seeing more demands placed on their operations to satisfy their audiences. To stay competitive, B2B marketers must expand their existing operating models to incorporate data-driven decision-making, relationship engagement, and digital technologies that enable individualized communications.

Ovum view

Enterprises in every B2B industry face challenges that are unique to the market, product, regulatory, and competitive context of their vertical. However, while the journey that each enterprise needs to make will be influenced by its specific industry dynamics, the aim of successfully navigating the route from analogue to digital business will remain the same: to maximize the value of the customer relationship through marketing efforts that educate target audiences on the value that enterprises provide. If done successfully, marketing activities will result in relationships built on trust and credibility, and the value of the relationship will be determined by what is important to the client rather than transaction-based.

For today's B2B marketers, success hinges on implementing technologies that allow them to listen and respond to customers across a variety of channels and devices and target the decision-maker within a business, helping them find solutions to their organization's problems and challenges. This requires marketers to integrate strategically to better understand the evolving goals of digital marketing from a client-first perspective. They must work carefully across the enterprise to better understand where to place their investments to enable frictionless and personalized engagements, as well as to learn how to plan campaigns and lifecycle marketing based on real-time customer insights and relationship-based selling.

As digital has become the norm, organizations face more expectations and complexity than ever before. Across B2B industries, there is a need for organizations to compare their digital strategies against peer norms, track their progress, and understand the digital initiatives that will help define their future. This research aims to achieve that by providing a comprehensive analysis of the results of a survey of enterprises in four B2B sectors – healthcare, high tech, finance, and manufacturing – highlighting the digital marketing challenges, investment trends, and opportunities.

Key messages

- B2B organizations believe that their digital customer experiences are on par with B2C experiences.
- Despite digital progress, results show there is room to improve.
- Data integrity is key to personalization.
- Digital leaders plan large investments in marketing platforms.
- Seamless, personalized customer engagement ranks top among desired outcomes.
- The success of digital customer engagement hinges on a mix of traits.

- Enterprises have high levels of collaboration with customer-focused business units.

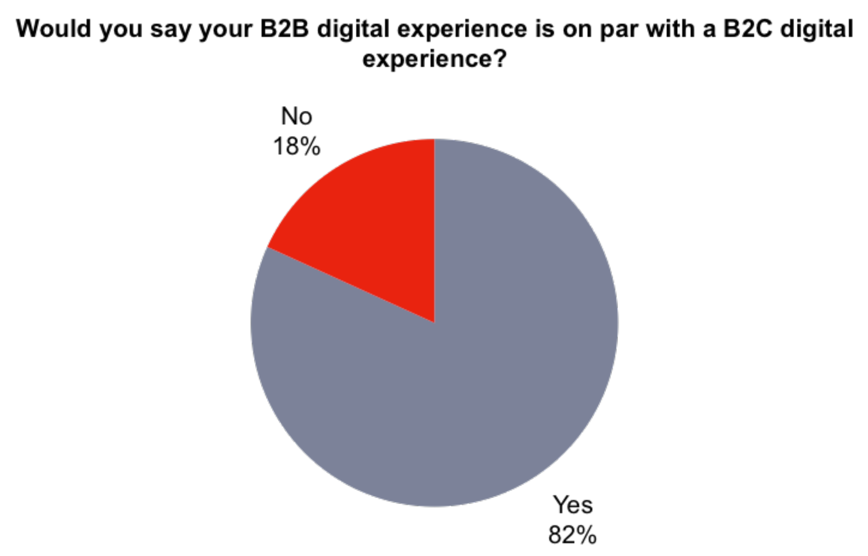
The lines between B2B and B2C are blurring

B2B digital customer experience is on par with B2C experiences

In some fundamental ways, the lines between B2B and B2C marketing are blurring. Business buyers are becoming as empowered as their consumer counterparts. They expect the same benefits and experiences from B2B brands as they receive from consumer brands on a personal level. This requires B2B marketers to invest in digital infrastructures that enable the types of experiences that B2B customers are accustomed to receiving as consumers. B2B organizations are confident in their progress toward delivering B2C-like experiences. 82% of respondents to this survey report that their digital experiences are on par with B2C experiences (see Figure 1).

However, some clear distinctions between B2B and B2C markets remain: B2B buying cycles are longer and involve multiple steps, the purchase motivation differs, and the cost of a sale is higher for B2B. Therefore, establishing a nurturing and educational relationship with the B2B marketplace through individualized, valuable information is more essential to achieve the balancing act. Simply meeting B2C standards does not achieve a robust B2B customer experience.

Figure 1: B2B digital experience is on par with B2C experience

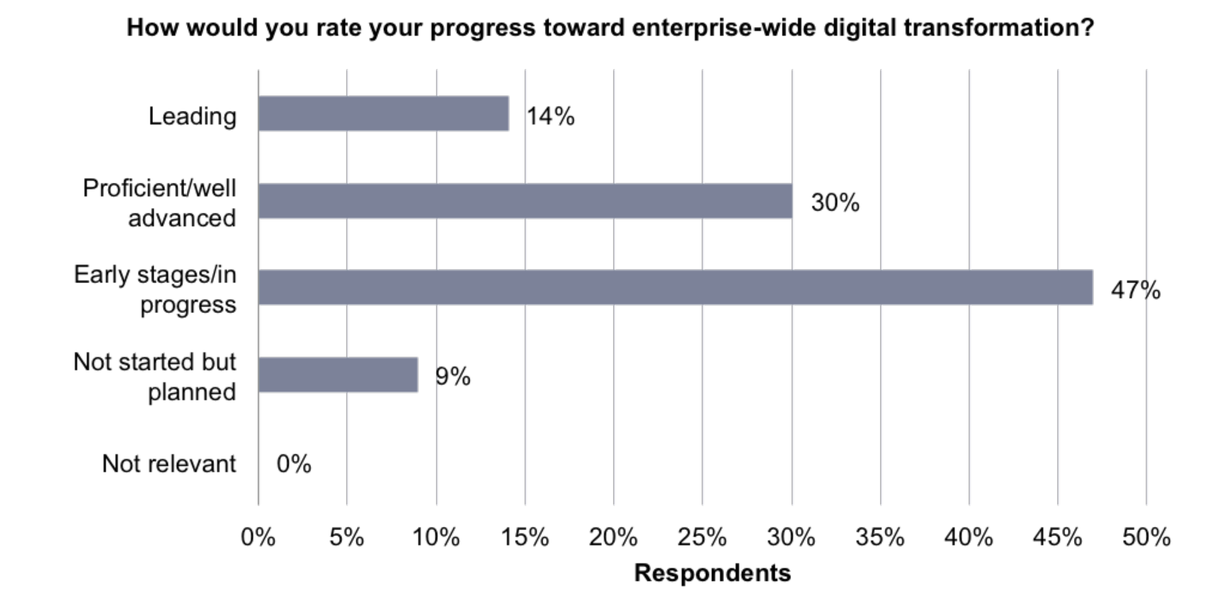


Source: Ovum and Adobe

Despite digital progress, results show there is room to improve

From fact-finding to brand-relationship building, customers rely on digital mechanisms to engage with brands and expect B2B companies to provide the same ease of doing business as many B2C companies. But with almost half of the respondents to the survey reporting that their digital transformation efforts remain in the early stages of development (see Figure 2), B2B brands may fall behind in delivering transformative digital experiences that keep pace with customers' expectations. Only 14% overall report being leaders and 30% report being proficient in their digital transformations.

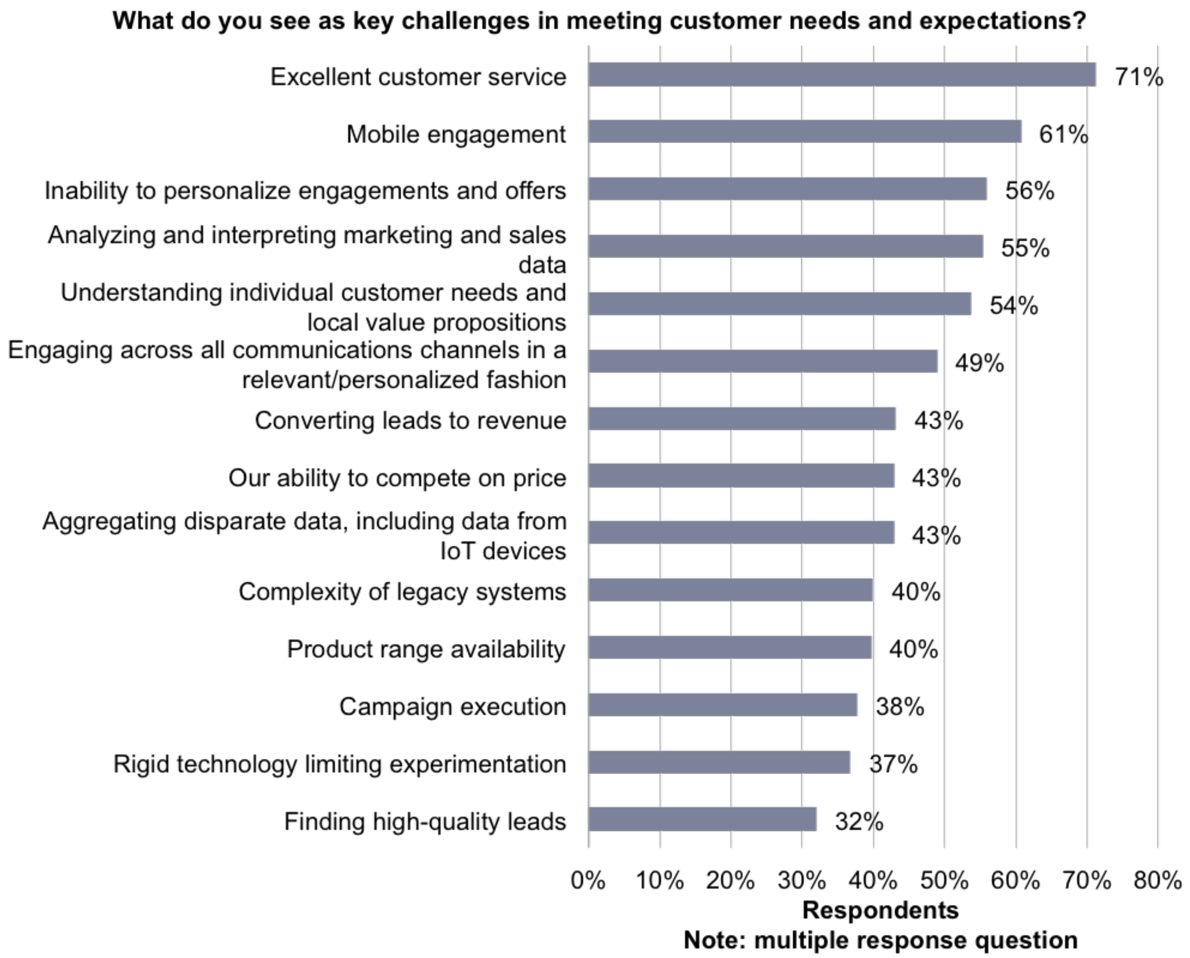
Figure 2: Digital transformation progress remains in the early stages



Source: Ovum and Adobe

Such results are significant, proving that being digitally proficient is vital in meeting customer expectations. This could indicate why many respondents report being challenged by meeting customer expectations: 71% report being challenged by delivering excellent customer service, 61% say mobile engagement presents challenges, 56% report an inability to personalize engagements and offers, 55% are challenged by analyzing and interpreting marketing and sales data, and 54% are challenged by understanding individual needs and local value propositions (see Figure 3).

Figure 3: Encouraging customers to recommend is a top challenge



Source: Ovum and Adobe

A closer look across industries indicates a varying range of critical challenges in meeting customers' needs (see Figure 4). In healthcare, 61% put "encouraging customers to recommend their brands to friends and family via digital" top of the list of challenges; in financial services, 63% said "competing with fintech and other innovators" is the top challenge; in manufacturing, 62% said the primary challenge is "providing all relevant physical and digital channels"; and in high tech, 65% reported that "helping customers navigate and order complex solutions" is the top challenge.

Figure 4: The critical challenge in meeting customer needs varies across industries

Sector	Top challenge	% of respondents
Healthcare	Encouraging customers to recommend via digital	61%
Financial services	Competing with fintech startups and other innovators	63%
Manufacturing	Providing all relevant physical and digital channels	62%
High tech	Helping customers navigate and order complex solutions	65%

Source: Ovum and Adobe

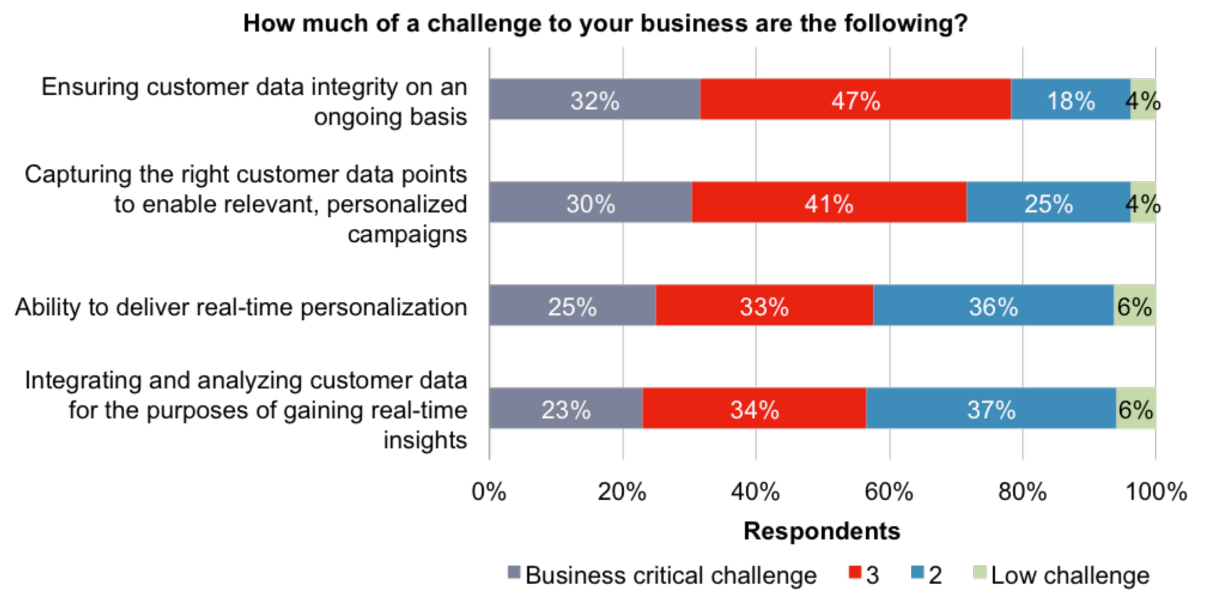
The data reveals that while the challenges in meeting customer expectations vary across B2B sectors, the fundamental conditions remain the same: customers expect a B2B buying experience that combines the best aspect of B2C commerce with the guided personalized marketing and selling experience typically offered by B2B strategies. The customer remains firmly in the driver's seat, so meeting and exceeding expectations requires agility, speed, personalization, and continuity in marketing, sales, and service delivery.

Data integrity is key to personalization

Information is one of the most powerful assets a company can harness. Thanks to the information gleaned from collected data, enterprises can understand their customers and anticipate their needs; track competitors and the market; and develop products, strategies, and tactics to grow and evolve in business. Without access to this valuable data and the ability to derive insights from it, enterprises lose the advantage and possibilities that it generates.

Data appears to confound respondents to this survey as they seek value from it: "ensuring data integrity on an ongoing basis" is the top challenge for 32% of respondents and the second biggest challenge for 47%. Following that, "capturing the right customer data points to enable personalized campaigns" remains elusive, with 30% citing it as the top challenge and 41% reporting it as the second biggest (see Figure 5).

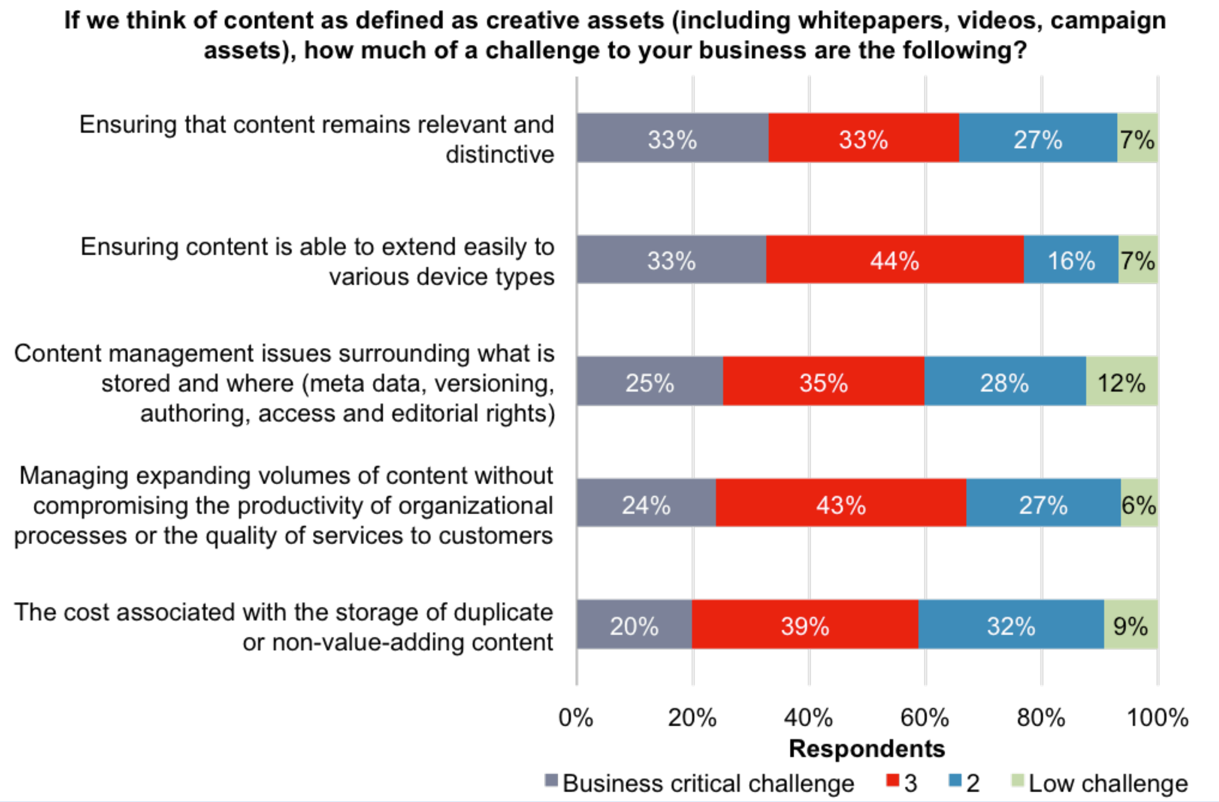
Figure 5: Ensuring data integrity is a top challenge for respondents



Source: Ovum and Adobe

Ensuring data integrity and sending relevant content are concomitant. A B2B audience, being narrowly defined target audience with a prolonged sales cycle, requires a mix of much more meaningful and non-promotional content that speaks directly to the customer's stage in the cycle. Aligning content to lifecycle stages depends largely on having access to integrated and accurate data. However, according to the survey results, respondents face a mix of content and asset challenges: ensuring content remains relevant and extending content easily to various device types are ranked as the top critical challenges (both with 33%) across the participating B2B industries (see Figure 6).

Figure 6: Ensuring that content is relevant and content delivery includes multiple devices is critical



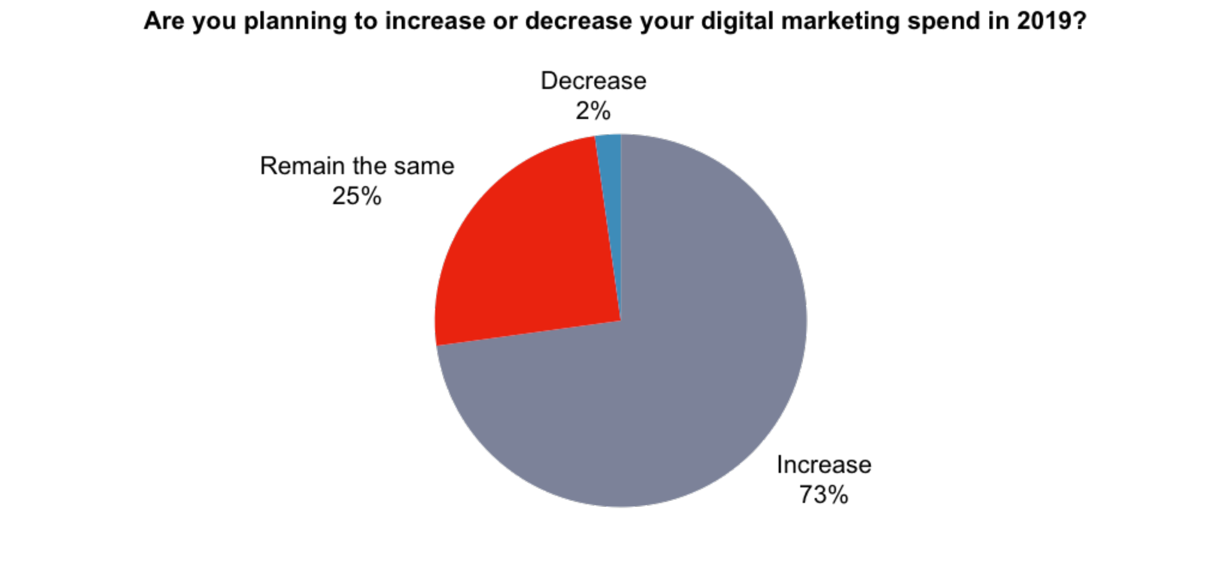
Source: Ovum and Adobe

Marketers are to increase digital spend to counter threats

Digital leaders plan large investments in marketing platforms

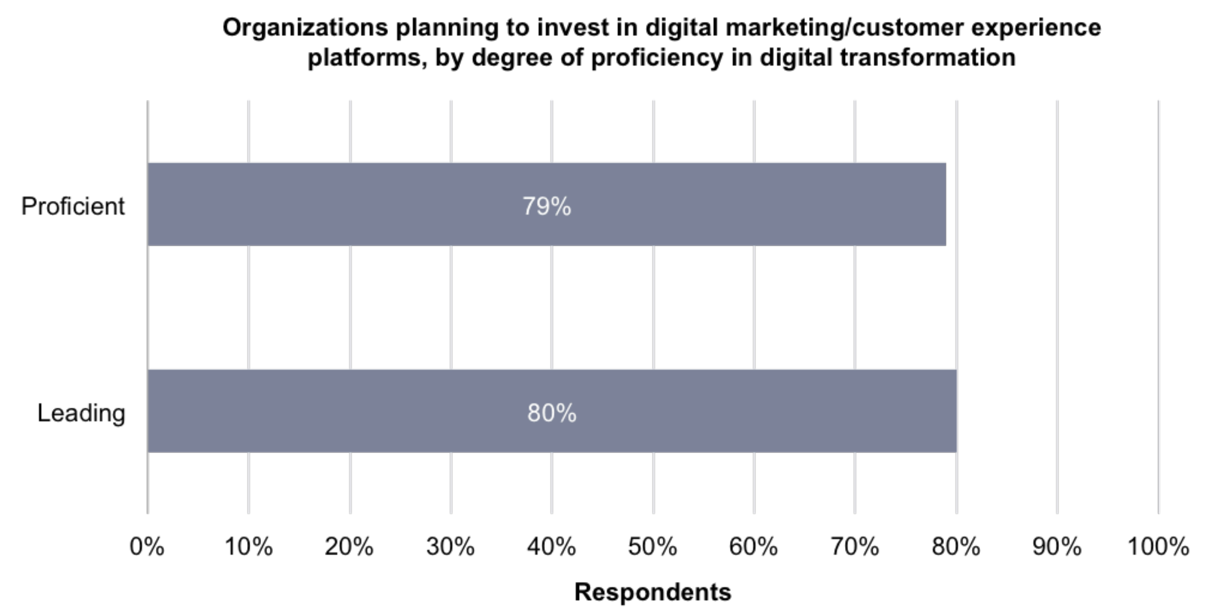
Despite converging obstacles and growing challenges, the outlook is positive: B2B enterprises plan to continue investing in their digital transformation efforts over the next 18–24 months, with 73% planning to increase their digital marketing spend (see Figure 7). Additionally, 68% said they plan to invest in a digital marketing platform, with 80% of those leading in digital transformation planning to invest and 79% of those that are proficient planning to invest (see Figure 8).

Figure 7: B2B marketers plan to increase digital marketing spend



Source: Ovum and Adobe

Figure 8: Digital leaders widely plan to invest in digital marketing/CX platforms



Source: Ovum and Adobe

In fact, mobile engagement is ranked as the top capability in which B2B enterprises plan to invest their dollars, with a massive 70% putting it ahead of other areas (see Figure 9). Campaign management comes second (66%), content management systems third (59%), and customer identity management fourth (58%), with a group of capabilities closely rounding out the top five: social listening and engagement (55%), real-time personalization (54%), account-based marketing (ABM) (54%), and data-driven marketing (53%).

These results reveal how data and content will grow in importance as business customers seek detailed information prior to their investments. Much like consumers, B2B customers expect personalized and relationship-based service and engagement. Rather than taking the traditional approach to account management, ABM evolves the process to cultivate relationships through value-added delivery, with the goal of achieving return business over time.

Figure 9: Mobile engagement appears first on most marketers' investment roadmaps

Source: Ovum and Adobe

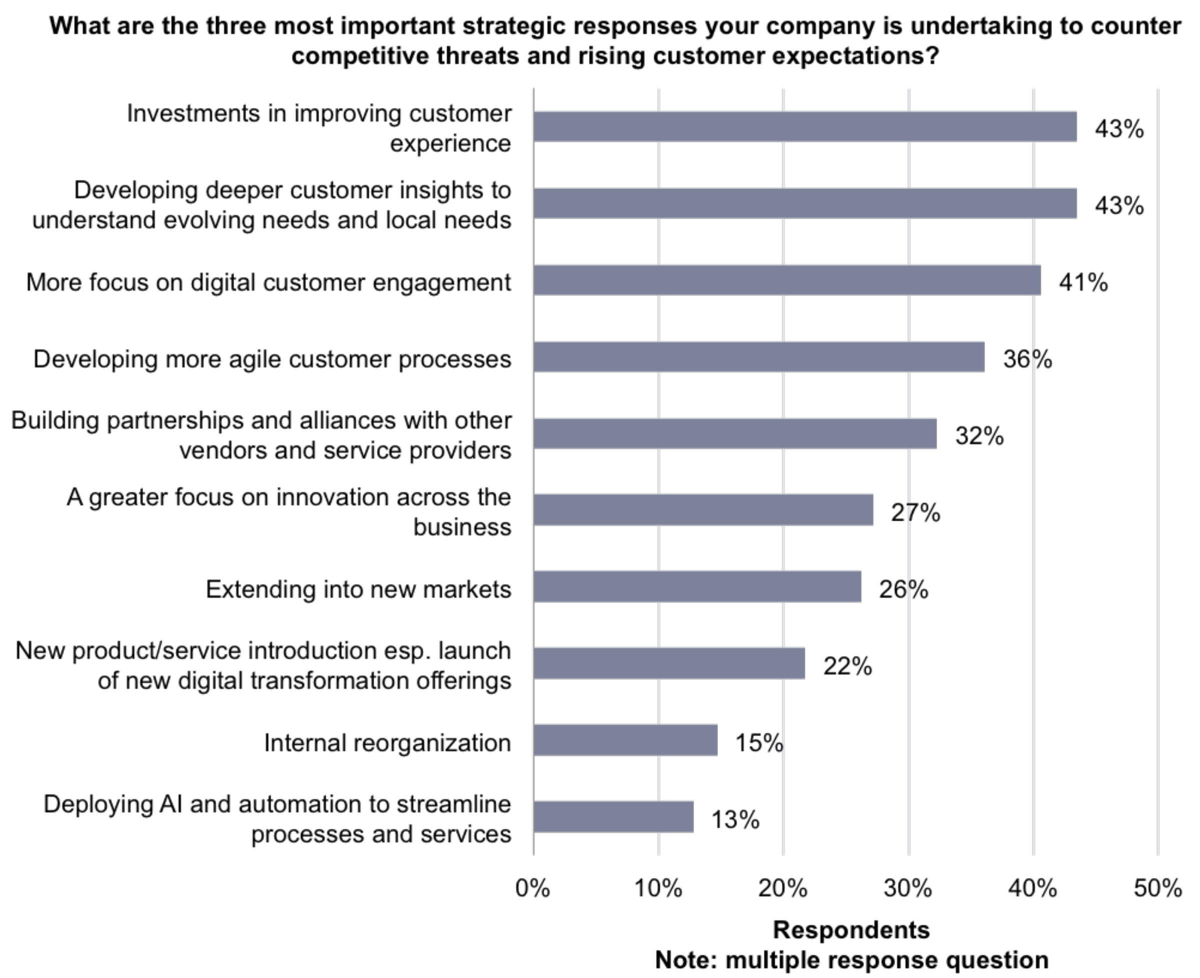
Customer experience is a key focus area to counter threats

Reassuringly, investing in improving the customer experience is one of the top strategic responses of enterprises to counter competitive threats and rising customer expectations (see Figure 10). This is tied with developing deeper customer insights to understanding evolving needs, both with 43%. More focus on digital customer engagement rounded out the top three, with 41%.

Interestingly, a closer look across industries reveals a split in participants' primary responses to meeting customer expectations. Financial services (46%) and manufacturing (55%) reported "investments in improving the customer experience" as their top strategic response, and high tech (43%) and health care (47%) cited "developing deeper customer insights" as their top strategic response.

As customer expectations evolve and technological advances create new possibilities, the foundations of an efficient, responsive, and personalized customer experience in B2B transactions must take shape. To succeed, enterprises need to personalize and customize customer buying journeys through technology and customer-centered business models. Results from participating industries in this survey reveal a commitment to that goal.

Figure 10: Marketers view investments in customer experience and insights as important to counter threats

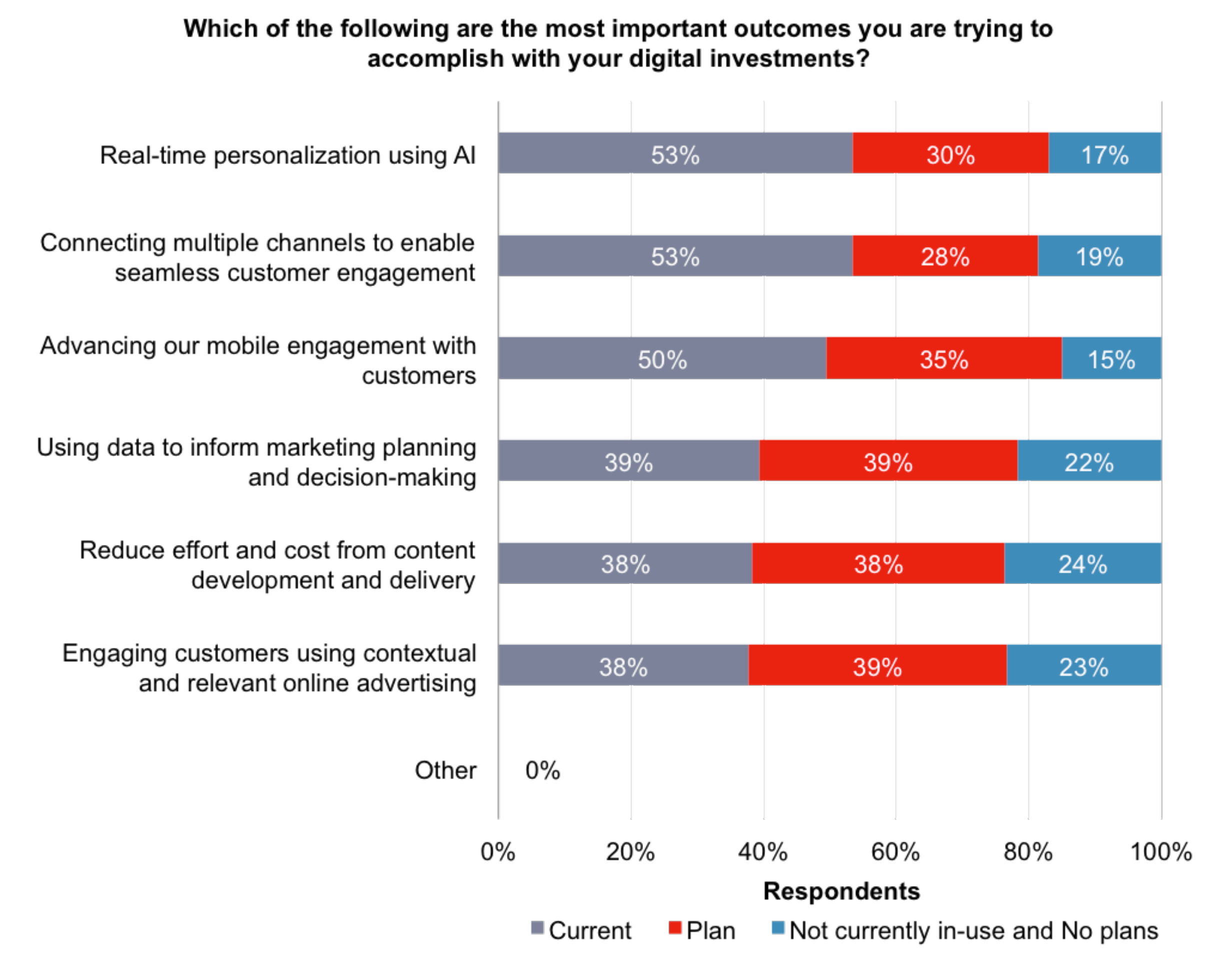


Source: Ovum and Adobe

Seamless, personalized customer engagement is a primary motivator for investments

A deeper look at the initiatives and capabilities underway to improve the customer experience reveals a heightened focus on personalizing customer interactions and removing friction from the customer experience (see Figure 11). In fact, "enabling real-time personalization using artificial intelligence (AI)" is ranked joint top outcome of digital investments with "connecting multiple channels to enable seamless integration," both with 53%. "Advancing mobile engagement" is ranked third, with 50% of respondents indicating this as an important outcome of their investments.

Figure 11: Personalization and seamless customer engagement are anticipated outcomes of investments

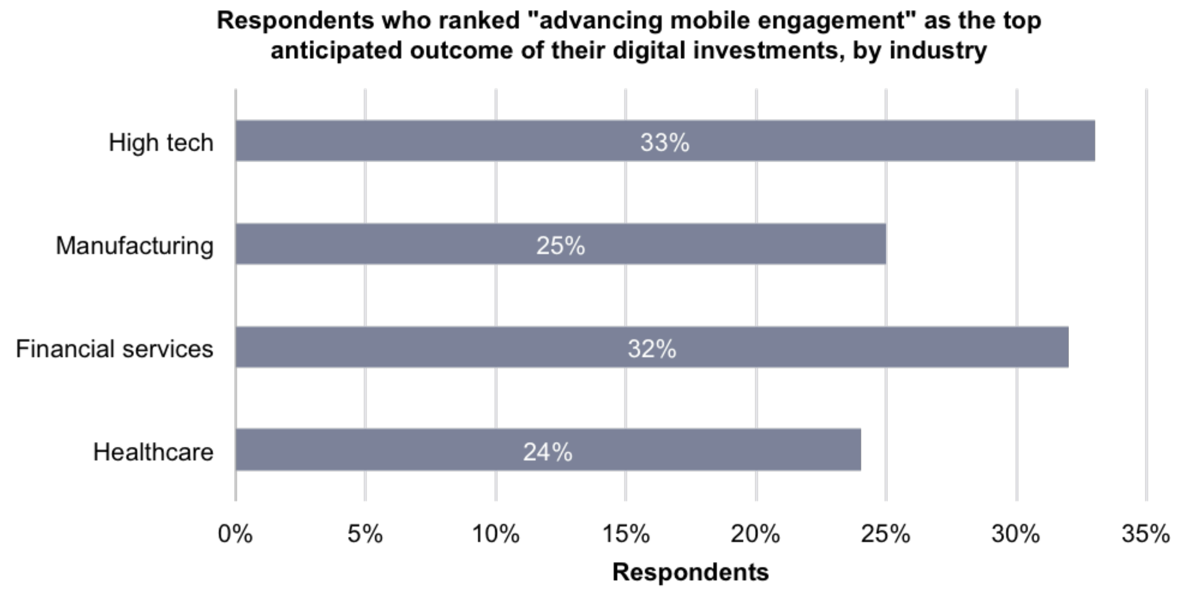


Source: Ovum and Adobe

A closer look across industries reveals an even split among the four sectors in what they view as the most important outcomes of their investments (see Figure 12), with high tech and healthcare citing "enabling real-time personalization using AI" as their most important goal, and manufacturing and financial services listing "connecting multiple channels to enable seamless engagement" as their top anticipated outcome.

The results convey B2B organizations' awareness of leveraging AI to manage the challenges of complex buying cycles. B2B marketing processes will become more streamlined and targeted with AI-driven data intelligence. Additionally, real-time personalization has proven to be a valuable asset for B2B sales pipelines. With the rise of content-driven marketing and account-based experience management, B2B organizations will surely and steadily increase investments in AI-driven real-time insights. However, these early adopters will remain ahead of the competition for the foreseeable future.

Figure 12: Advancing mobile engagement is ranked first among all B2B sectors as the top anticipated outcome of digital investments



Source: Ovum and Adobe

Organize around outcomes

The success of digital customer engagement hinges on a mix of traits

Marketing impacts the core business and must be woven into it, not placed atop or beside it. Therefore, it is critical to establish a digital strategy that drives business transformation and growth. This requires B2B companies to have adequate organizational structure, operating models, and senior management support to help break down organization silos, create incentives, and establish performance metrics in terms of the customer.

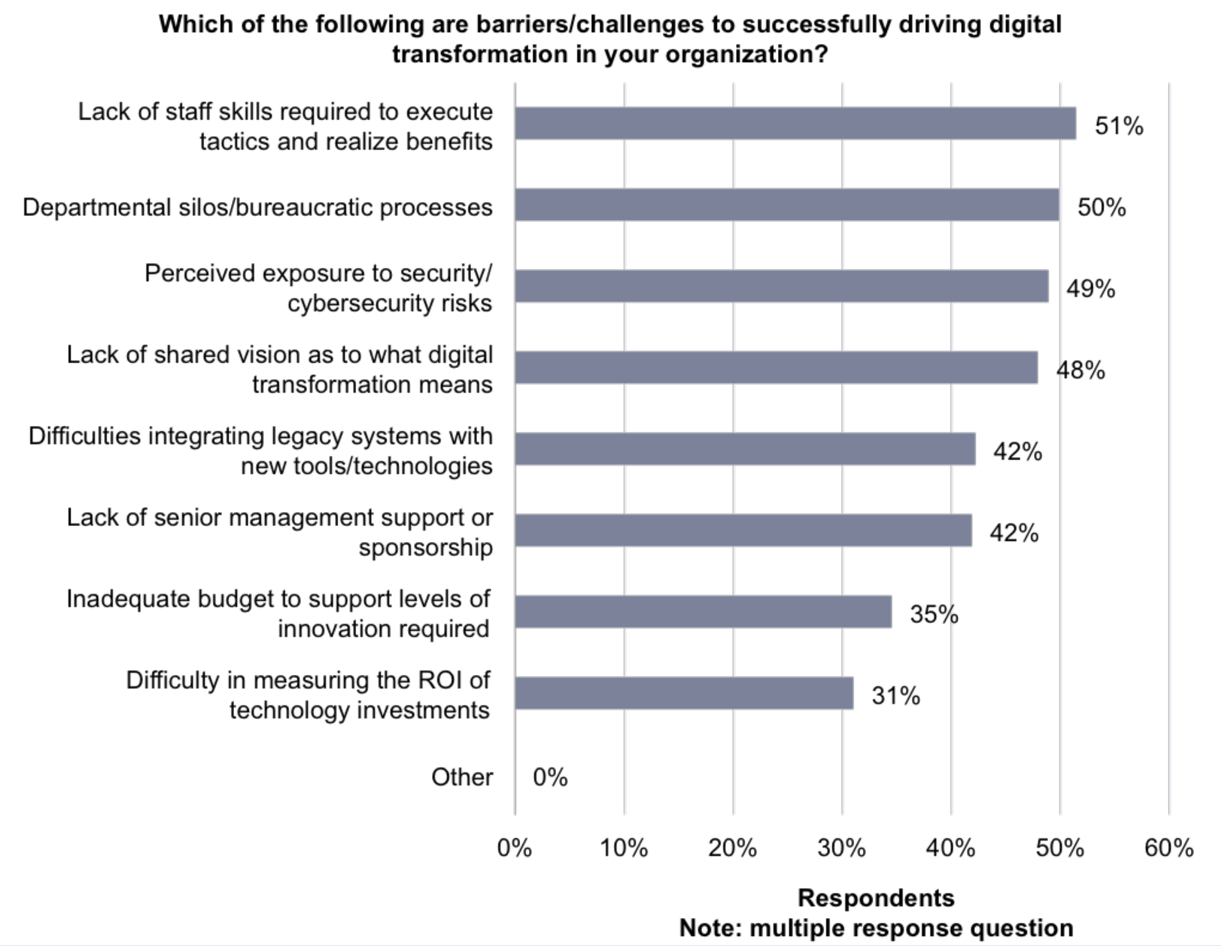
Consequently, having adequate digital skill sets and training and a leadership that has developed a clear strategy are the top three initiatives that have helped B2B enterprises achieve success (see Figure 13). Advancement, though, hinges on building a range of capabilities, including marketing infrastructure, access to shared data, the ability to self-organize to execute quickly, and strong technology partnerships.

Figure 13: B2B marketers report a mix of organizational initiatives to ensure success

Source: Ovum and Adobe

Having the right digital skill sets is seen as a strategic imperative for success, so naturally a lack of these presents a barrier (see Figure 14). In fact, 51% of respondents reported the lack of skills as an obstacle to digital transformation in their organizations. Operating with departmental silos also appears to be a high barrier to success (50%), as do perceived exposure to security risks (49%), a lack of shared vision for digital transformation (48%), and difficulty integrating legacy systems into new tools (42%), with a lack of senior management and support (42%) rounding out the top five.

Figure 14: Having adequate skills ensures digital success



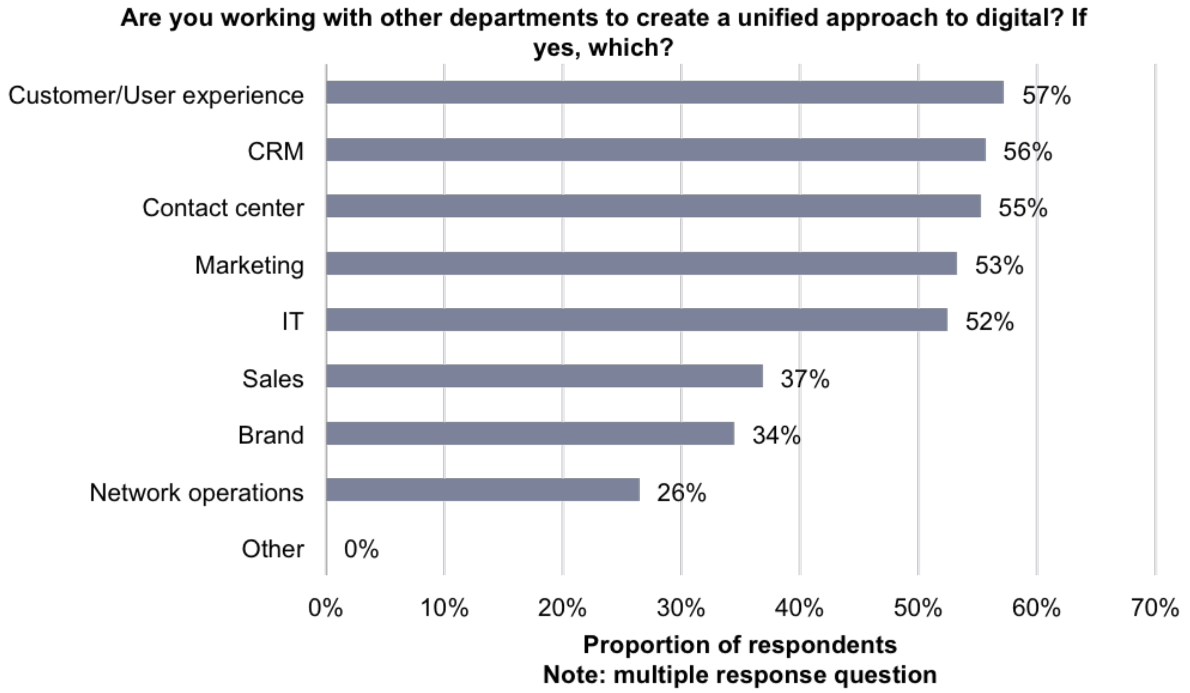
Source: Ovum and Adobe

Enterprises have high levels of collaboration with customer-focused business units

To achieve continued success, to break free from silos, and to encourage enterprise collaboration and the ongoing adoption of technologies, B2B enterprises must continue to forge working partnerships across the enterprise. B2B marketers should rethink their entire ecosystem – all the offline and digital brand touchpoints that customers will encounter across all channels (mobile, tablet, desktop, social, sales representative, and call center), and, most importantly, how they integrate across the enterprise.

A high number of respondents to this survey realize that engaging with customer-facing business units such as those responsible for customer experience (57%), CRM (56%), and the contact center (55%) is critical to ensuring a unified approach to digital (see Figure 15).

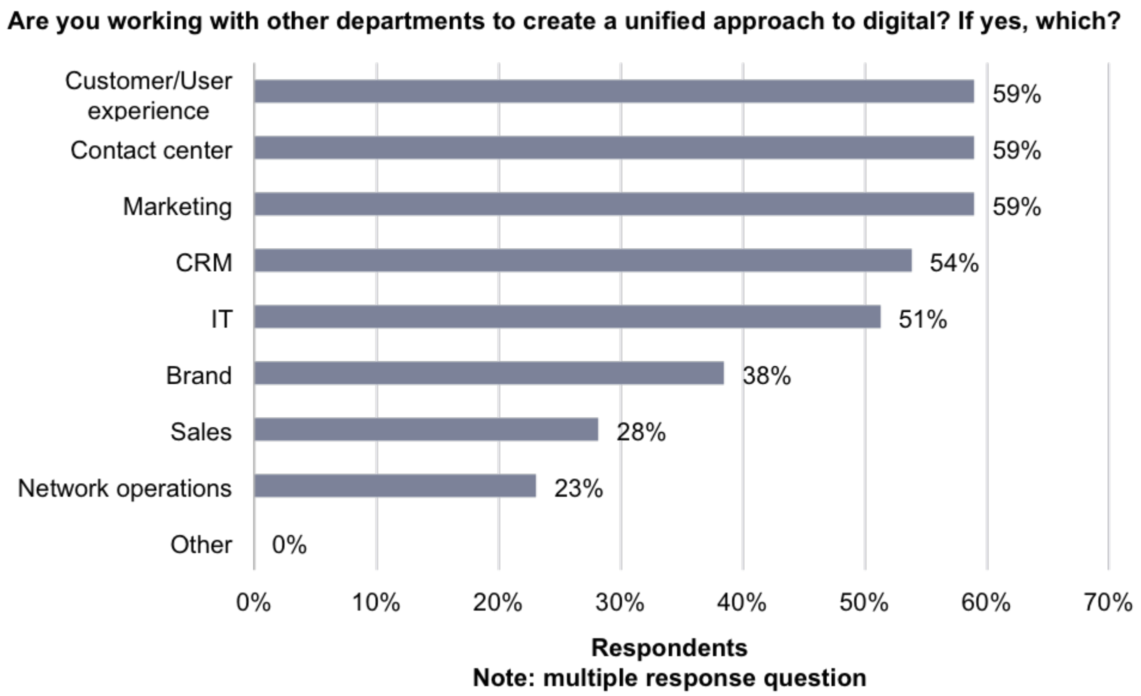
Figure 15: Collaborating with customer-facing business units ensures a unified approach to digital



Source: Ovum and Adobe

Accordingly, enterprises that indicated that they are leading or proficient in their digital transformation efforts understand the benefits of establishing a symbiotic relationship between marketing and service. Of those that are leading in digital transformation, 59% work closely with the customer experience team and 59% work with the contact center (see Figure 16). Of those that are proficient, 56% are united with the customer experience team and 62% work with the contact center.

Figure 16: Digital leaders work closely with customer-facing teams



Source: Ovum and Adobe

Regular meetings and communications, in which teams can share insights and learnings with one another and offer unique perspectives about the strategies they employ at different parts of the customer lifecycle, will better equip marketing with the necessary insights to pinpoint, educate, and guide customers through their journeys.

Conclusion

Digital transformation is not only redefining how businesses connect with their customers; it means businesses reevaluating their business models, the way they deliver value, and how they make money. This is a rapidly evolving marketplace that is changing and growing at unprecedented speed, and B2B organizations need to embrace digital transformation and give it strategic importance to stay competitive. Below are five imperatives for B2B organizations' digital transformation journeys.

Expand the depth of mobile customer engagement capabilities

For B2B marketers, the move to mobile has never been more important to understand. Decision-makers are using smartphones and tablets to navigate their buying journeys in new ways. If B2B marketers plan to stay in front of their audiences, they will need a plan to be a resource and guide the discussion to drive conversions. Simply executing some mobile banners will not suffice to reach today's sophisticated B2B buyer. Digital marketers need a new mobility mindset to truly seize one of the promises of data-inspired marketing: reaching and engaging the right audience in the right way at the right time.

Evolve account-based management to account-based experiences

To compete successfully in a B2B environment today, enterprises must move their attention away from short-term revenue tactics to strategically focus on the outcomes that their customers are trying to achieve. With this focus, not only are customer expectations more likely to be met, but a deep understanding of the customer's context will drive meaningful innovation and value, enabling the enterprise to escape commoditization's stranglehold.

Although a focus on the management of key accounts has helped mobilize resources at the top end of the customer portfolio pyramid, the remaining customers have, in the past, been engaged on an ad hoc basis, with little thought given to the outcomes that they seek, which provide the underlying motivation to buy. This requires marketers to broaden ABM into account-based experiences (ABX), ensuring that all customer interactions, regardless of the touchpoint or department involved, will be monitored. Organizations must start with a clear strategy for ABM, gain the experience and benefits of it, and then extend it to all parts of the enterprise that impact on the customer experience – service, commerce, finance, logistics, supply, and, for the most strategically important customers, research and development (R&D). Ultimately, the enterprise must act as a coherent and highly integrated value creation and delivery system.

Move from product-focused marketing to lifecycle marketing

The traditional linear marketing funnel is dead. It has been replaced by continuous and consistent interaction with the customer. Whether or not a prospect makes a purchase, especially a B2B purchase, depends on the relationship built with the buyer and the responsiveness and service offered throughout their journey.

The relationship with customers is defined by the experiences delivered across marketing, sales, and service; online and offline; and before, during, and after campaigns and transactions. B2B marketers should focus on experiences that tell a cohesive story from pre-purchase to post-purchase, create brand engagement and value, and, ultimately, drive both transactions and continuous dialogue. This leads to short-term incremental gains and sets the stage for the longer-term nurturing of customer relationships, loyalty, and optimal evangelism.

Redefine your content strategy for customer success

Content marketing plays a more crucial role in today's B2B campaigns where audience engagement is complex. Fostering customer loyalty and encouraging word-of-mouth testimonials are crucial to success. The idea behind the strategic use of content marketing is to help customers derive more value from your products and services.

Offering customers insightful content sequenced in an insightful way will increase the value they get from products, but it is only a part of the journey. To maximize the benefit of content marketing, organizations must redefine the entire strategy, with the goal of fostering long-term engagement and building trust. Therefore, content strategy should bring continuous value to customers.

Anticipate changing needs; look to the horizon

The needs of B2B customers will continue to grow, so companies' mandate to incorporate disruptive technologies such as AI and machine learning into their marketing platforms will become more pronounced. Anticipated outcomes include enabling greater customer intelligence, more accurately aligning campaign efforts with results, detecting customer activity in real time, and inferring intent to proactively respond via closely aligned ABX efforts.

Machine learning, alternate reality, and AI are set to transform every sector that relies on technology in one way or another. These trends will drive the way in which marketers interact with B2B buyers, and enable them to offer a more personalized experience.

Appendix

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Methodology

Ovum, in partnership with Adobe, interviewed 300 B2B firms in the US, Europe, and Asia-Pacific across the healthcare, high-tech, finance, and manufacturing sectors to determine their level of involvement in and progress toward digital customer engagement.

Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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