



# Marketing

The New Stewards of the  
Customer Relationship



# Introduction

The term "customer relationship management" (CRM) means different things to different people. Depending on your role, you might consider CRM a technology, a strategy, a process, a department, or a responsibility, or you might see it as having more than one meaning. Here's how we'll define CRM in this eBook:

**A company's approach to managing any interaction a customer has with your brand across all stages of the customer lifecycle.**

With that definition in mind, let's look at the stages of the customer relationship in a B2B organization. What roles do the front-office functions of marketing, sales, and service actually have in supporting CRM? How do those roles interact?

Are mid-size B2B companies missing opportunities to drive more satisfying, more profitable relationships – for both the buyer and the seller? To find out, Gleanster Research and Act-On Software conducted a comprehensive study to understand the state of customer lifecycle engagement, CRM, and what separates Top Performing organizations from Average firms.

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## Three Key Findings

The Gleanster Research/Act-On Software report "Rethinking the Role of Marketing" produced three key findings:

- 1) There is a massive misalignment of effort at Average B2B companies. Too much focus is placed on acquisition – and not enough on retention.
- 2) No one is actually accountable for the customer lifecycle. Marketing is well-positioned to play this role.
- 3) Marketing automation technology can be the structural framework for monitoring, measuring, and engaging with customers across the entire customer lifecycle.

The detailed findings in "Rethinking the Role of Marketing" illustrate significant opportunities for improvement for mid-size B2B marketing organizations. Download the full report.

This eBook, "Marketing: The New Stewards of Customer Relationship," recaps the highlights of the study and offers five recommendations for how any company can rethink marketing's role in CRM, and take action to improve customer engagement.



[DOWNLOAD the Report](#)

# The Survey

## Why

Gleanster Research and Act-On Software conducted a survey in Q4 2014 and Q1 2015. The purpose was to research how mid-sized business-to-business (B2B) organizations approached customer lifecycle engagement, and whether they used customer relationship management techniques and technologies to support engagement.

## Who

An overview of the participants of the complete survey are outlined below. Marketing executives from **750 midsize B2B organizations** in the US took part.

## Program Spending

The average annual budget for marketing programs ranged from under \$50,000 (11%) to over \$10 million (3%), with the average pegged at \$1.3 million.

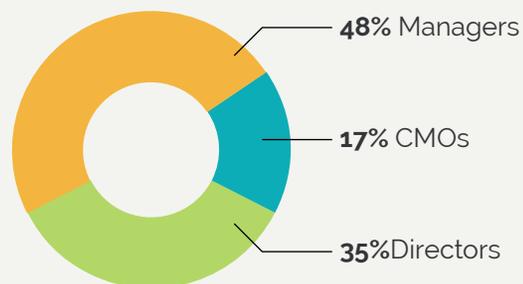
## Defining Top Performers

Gleanster filtered the results for the characteristics that defined Top Performers, and found three distinguishing factors:

- Beating sales goals (revenue management)
- Performing more effectively (resource management)
- Having more customers who identify as "happy" (relationship management)

Let's take a look at what Top Performers and Average companies do differently.

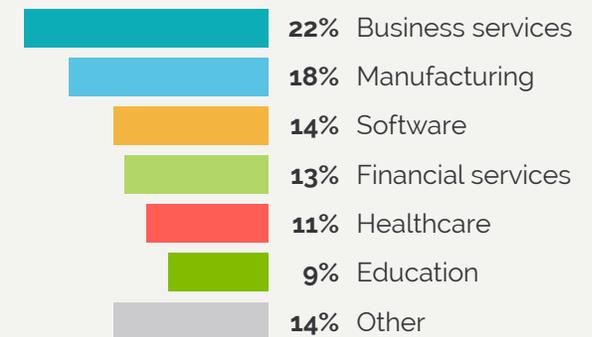
### Role:



### Company size:



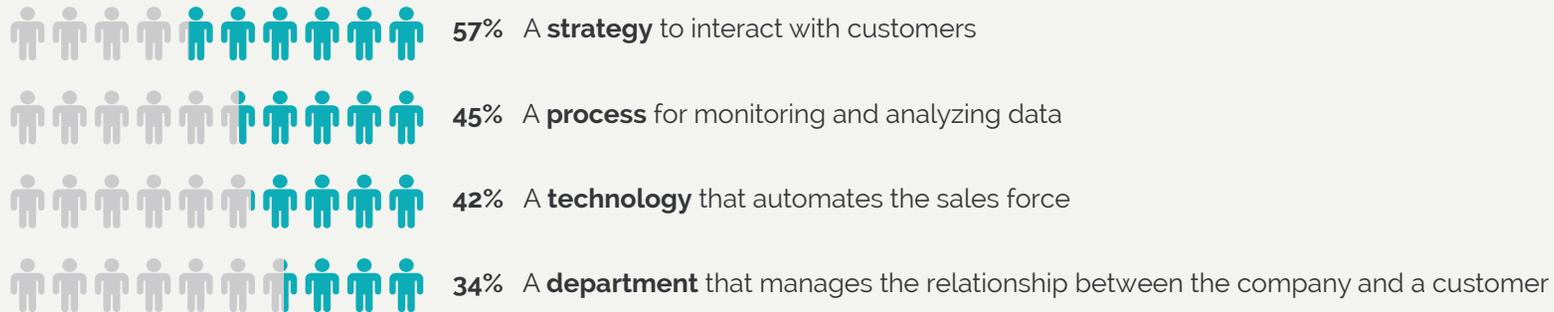
### Industries represented:



# The Results

## “Customer Relationship Management” Means Many Things to Many People

When asked, “How do you define CRM?” and allowed to choose more than one answer, marketers said:



CRM has never been well-defined. Writing in the August 2004 issue of the [Journal of Marketing Research](#), authors Reinartz et al. found that “(T)he existing practical applications of CRM do not provide a clear indication of what specifically constitutes the implementation of CRM processes. Some companies view CRM primarily as investments in technology and software ... others ... are aggressive in developing sound and productive relationships with customers.”

This lack of clarity has been compounded by the pervasive branding of sales automation tools as “CRM software.” They are, of course, but the category is bigger than sales.

# Average Companies Focus Resources on Acquisition; Top Performers on Retention

The study looked at how marketing puts resources into four stages of the customer relationship before and after the sales conversion.



**Awareness:** Marketing owns company and brand awareness. Both Top Performers and Average companies spend 28% of budget here; Top Performers spend 28% of their time, Average Companies 33%.



**Acquisition:** Marketing owns lead acquisition, and top- and mid-funnel conversion efforts. Top Performers spend 18% of budget here and 24% of time; Average companies spend 26% and 34%, respectively.



**Retention:** The service department is usually considered to own retention. Top Performers spend 22% of budget here and 23% of time; Average Companies spend 24% and 18%, respectively.



**Expansion:** Sales is usually considered to own expansion. Top Performers spend the biggest chunk of their budget – 30% – here, and a full 25% of their time. Average companies spend the smallest percentage of their budget – 20% – on expansion, and just 15% of their time.

Retention revenue is more profitable than acquisition revenue; this may be why Top Performers put in 28% more effort into retention than Average companies do. Average companies spend more money, but less time, which indicates less personalization. This last is also likely a factor in the increased customer happiness scores for Top Performer (94%) as compared to Average companies (68%). Customers appreciate being known, and respond well to being addressed as individuals.

The expansion numbers show the largest variance in this study of the differences between Top Performers and Average companies. It is responsible for another critical outcome: Top Performers see revenue split equally between new customers and existing customers. Average companies see 70% of top-line revenue from new customers, and only 30% from the established customer base.

## Marketers' Most Vexing Issues and Challenges

The Gleanster Research/Act-On report offers a full analysis of the challenges marketers said they face. It appears that Top Performers and Average companies have several challenges in common. Nearly all (95%) lack access to existing customer data, and 90% struggle with marketing and sales alignment. However, Top Performers and average companies each deal with their own unique issues as well.

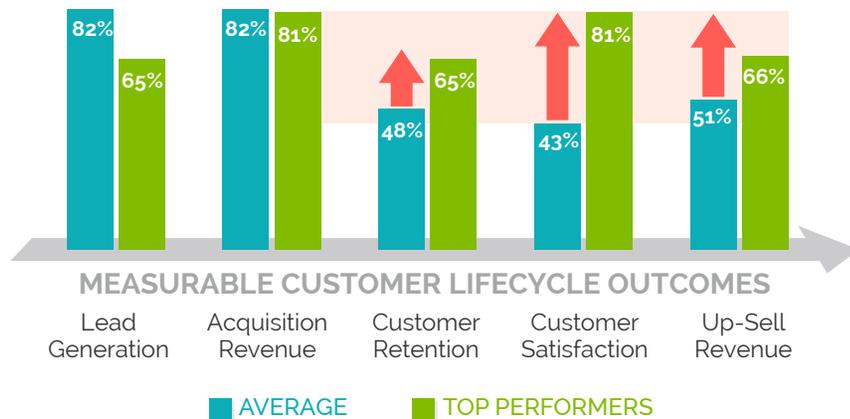
### Top 3 Challenges

<b>Top Performers</b>	<ol style="list-style-type: none"> <li>1) Hiring skilled resources: <b>92%</b></li> <li>2) Configuring campaigns: <b>84%</b></li> <li>3) Multiple systems for separate channels: <b>83%</b></li> </ol>
<b>Average Companies</b>	<ol style="list-style-type: none"> <li>1) Multiple systems for separate channels: <b>92%</b></li> <li>2) Decisions not metric-based: <b>82%</b></li> <li>3) Lack of process improvement: <b>71%</b></li> </ol>

Note that the biggest concern for Top Performers, hiring skilled resources, didn't make the top three for Average companies. However, Average organizations are having trouble too – in fact, 50% said it was an issue. Clearly, these firms need to get some basics in place, like integrating systems and ensuring data-driven decisions, before even considering adding headcount.

## Accountability, Objectives, and Metrics – Most Could Do Better

Technologies such as marketing automation have made marketing activities and outcomes much more measurable, but they aren't always used. Top Performers carry more responsibility for outcomes in every category than marketers in Average companies.



The top three metrics Top Performers and Average companies said they use to track their efforts differ; in Acquisition, Top Performers are more likely to measure mid-and lower funnel results, which are indicators of quality. Average companies are more likely to measure by raw top funnel numbers. In retention, while the top two metrics are the same for both, Top Performers are more likely to employ satisfaction surveys.

Company	Top Performers	Average Companies
Acquisition Efforts	<ul style="list-style-type: none"> <li>• Response rates</li> <li>• Sales accepted leads</li> <li>• Sales qualified leads</li> </ul>	<ul style="list-style-type: none"> <li>• Number of leads</li> <li>• Number of inquiries</li> <li>• Response rates</li> </ul>
Retention Efforts	<ul style="list-style-type: none"> <li>• Word of mouth</li> <li>• Inquiries</li> <li>• Satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Word of mouth</li> <li>• Inquiries</li> <li>• Anecdotal evidence</li> </ul>

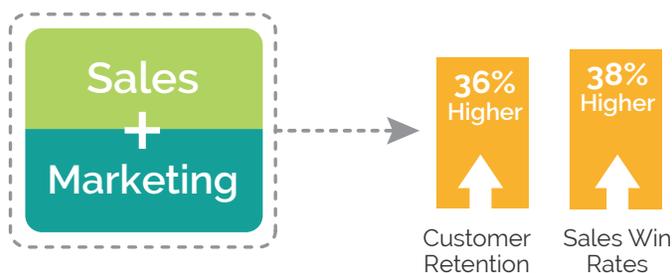
## Danger! No One Owns Overall Customer Lifecycle Engagement

There is a pervasive disconnect across all companies: While most B2B firms care about the customer experience, nobody (marketing, sales, or service) really manages or owns it.

Unattended priorities under-perform; someone should own lifecycle engagement. Given that marketing is the only department that makes significant investment in all stages of the lifecycle, has the most objectives tied to the most lifecycle stages, and has the most direct and indirect touchpoints, marketing is well positioned to orchestrate the customer experience.

There is precedent: The growing practice of sales and marketing alignment is usually driven by marketing. While no political boundaries are redrawn, the teams systematically determine how to work together, coordinating to improve the customer's experience before buying.

And it works: According to MarketingProfs, companies with aligned sales and marketing generated 208% more revenue from marketing. They delivered **36% higher customer retention and 38% higher sales win rates**. This is not a coincidence. Right now alignment is improving only the first half of the customer lifecycle. Can you imagine the opportunities if it were



applied to the entire process?

## The Role of Technology

The study found that 60% of Average companies currently automate upselling and customer loyalty campaigns, usually with stand-alone email marketing tools. Top Performers were 20% more likely than the Average organization to use marketing automation technology.

Top Performers use segmentation and behavior-based communications to refine customer engagement and increase relevance. This is difficult or nearly impossible to do with fragmented marketing technologies that are not integrated – which is usually the case for some of the most common technologies such as sales automation tools, social media, web analytics, and email marketing.

**Awareness and Acquisition:** Marketing automation tools centralize social, web analytics, landing page hosting, and email capabilities so marketers can apply business rules to prospect engagement across any channel. Remember, the most common metrics Top Performers use to measure acquisition success include Sales Accepted Leads and Sales Qualified Leads. These metrics are tracked using marketing automation tools, which – critically – integrate with sales automation tools so leads can flow seamlessly across the customer lifecycle.

**Retention and Expansion:** While 90% of respondents indicated they automate upselling campaigns, the vast majority are generic communications, which is also why only 30% of revenue comes from existing customers for Average companies. There is a strong case to be made for applying scoring mechanisms, processes, and campaigns enabled by marketing automation to existing customer relationships. Remember that Top Performers spend a full 30% of their budget on expansion alone, and 25% of their time. And remember that their retention and expansion efforts pay off – by providing 50% of their revenue.

# Conclusions

The world is shifting inexorably to a customer-centric focus, which means that companies must treat the entire end-to-end customer lifecycle of engagement as a continuum, not a series of handoffs. Marketing automation technology is the key to sharing customer intelligence among all customer-facing functions. This in turn allows systemic, holistic management of the entire customer relationship lifecycle.

Marketing technology can also help companies realign their efforts to focus less on acquisition and increasingly on more-profitable retention revenue. As consultant Christine Crandall noted in a [CustomerThink](#) column discussing churn: "From the customer's point of view, lifecycle engagement begins with an expected outcome. If that's achieved, the customer redefines what 'value' means going forward. Trust becomes important; if the vendor consistently demonstrates trustworthiness, transparency and accuracy, then 'value' was defined as receiving relevant, proactive advice based on the customer's environment, their product usage, and new upcoming features that would make the users' work easier ... this value enabled them to be more competitive ... Ongoing relevance is a key driver of vendor stickiness and customer experience."

Regardless of how you frame the customer lifecycle, your organization needs to construct a customer relationship management process that ensures a comprehensive range of relevant, targeted touchpoints as well as the personalized attention and care that gives your customers the value they seek.



## Finding a Leader for Customer Lifecycle Engagement

Your customers experience your brand as a team, with each team member providing a different aspect of response, information, education, or care. The notion of leadership does not dismiss ownership by other functions; marketing can take the lead without taking over territory. What works already for sales and marketing alignment can (and should) be leveraged across multiple teams throughout the organization – wherever there are customer touchpoints.

It's time we re-think the concept of CRM and separate it from a sales-centric perspective. Marketing is the only function that can measure qualitative and quantitative efforts across the entire customer lifecycle, map them to objectives, and take action to make changes.

**Marketers are in an ideal position to orchestrate the customer experience.**

# Recommendations

In the course of analyzing survey results and developing the Rethinking the Role of Marketing report, it became obvious that Top Performers were making better use of certain tactics than Average companies.

As an example, Top Performers were twice as likely as all other firms to trigger personalized messages by stage, based on prospect behavior. This suggests an innate understanding of the customer lifecycle by stage, and sophisticated content deployment. When Top Performers applied this strategy to customer retention, they used purchase history and segmentation criteria to customize communications. In all stages, Top Performers are emphasizing relevance. They also take the time and effort to leverage data using technologies such as marketing automation.

On the following pages, we offer five recommendations to help you realize the same results as Top Performers.

**Recommendation 1:** Create a customer journey map and assign accountability

**Recommendation 2:** Track marketing's contribution to retention revenue as well as acquisition

**Recommendation 3:** Partner with an agency to create ongoing customer engagement

**Recommendation 4:** Segment to get better quality leads (even if there are fewer of them)

**Recommendation 5:** Target based on behavior and nurture leads automatically

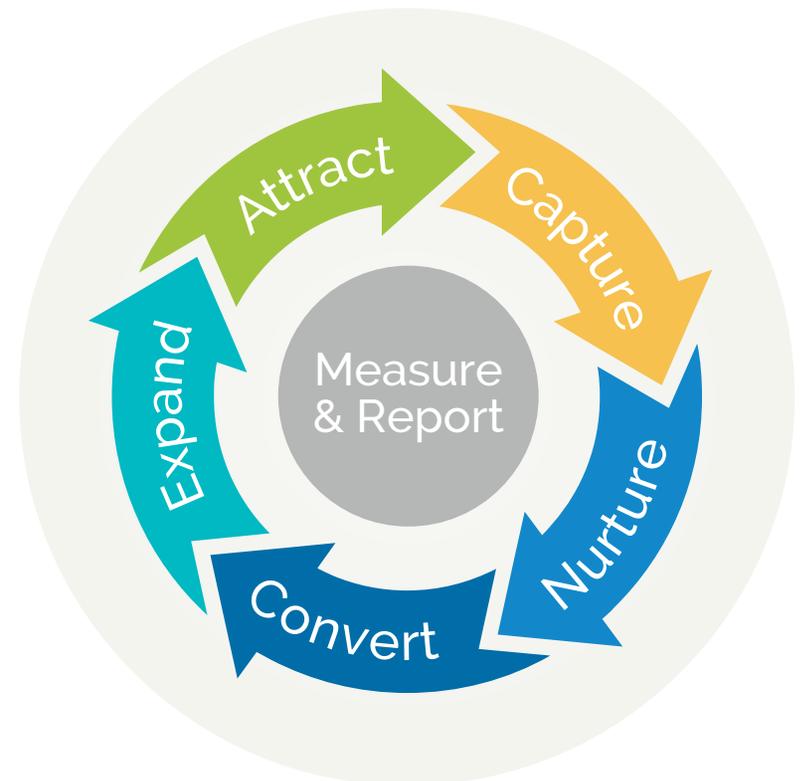
# Recommendation 1: Create a customer journey map and assign accountability

Marketing is very easy to over-complicate. One way to make it simpler, as well as more effective, is to look at it from the customer's point of view.

In the example to the right, the marketing team orchestrates customer lifecycle engagement, which is seen as a series of overlapping steps. Marketing leads some steps and is a key contributor to others. The passage from nurturing (marketing-led) to conversion (sales-led) is managed through an agreed-on set of reciprocal responsibilities, creating sales and marketing alignment. The expansion stage is managed through an agreed-on set of reciprocal steps among sales, service, and marketing. The entire organization is aligned around a set of governing principles, with marketing responsible for the care and feeding of those principles.

- Identify who owns which aspect of the buyer's journey and the role each department plays.
- Align those roles to each other and to the buyer's journey.
- Consider creating a three-way Service Level Agreement to help each department identify which portion of the journey they own, and how they will cooperate with the others.
- Audit and evaluate your existing content – tools, case studies, solution briefs, white papers, videos, demos, webinars, etc. – based on which persona it addresses, which questions it answers, and which stage of the buying process it will serve.

Want to get started? Download a template for a [Customer Lifecycle Metric Accountability Matrix](#).



# Recommendation 2: Track marketing's contribution to retention revenue as well as acquisition

It's easy for B2B organizations to become myopically focused on acquisition revenue – 8 out of 10 average organizations generate 60% of their revenue from new customers, and most marketers are measured by the volume of leads generated. It's not always easy to go against "the way we do things around here" and talk about measuring other revenue that marketing might be influencing (and not getting credit for).

As discussed, Top Performers spend 50% of their time and budget on up-sell and cross-sell efforts. But you're going to need more than a survey statistic to justify the effort. So sit down with the CEO and VP of Sales to agree on a realistic percentage of retention revenue to attribute to marketing if you can prove marketing played a role in the sale. As a leadership team you should accept that you may never know the exact impact marketing has on a sale, but management should be able to agree on a percentage of each sale to allocate to marketing when you can measure engagement in one or more channels. Consider whether your service department contributes to retention revenue and whether they too should have points in these types of deals.

- Integrate your marketing automation and sales automation systems. This will let you track which customers received up-sell or cross-sell communications from marketing and which customers converted to a sale.
- Determine a percentage all parties feel comfortable with. Even a small percentage will give marketing something to reference against existing budget and time spent.
- Track which touchpoints led to the sale, whether it was a marketing email, a call from sales, or an online chat with a customer service rep – or a combination.

## Case Study:

### Greater Philadelphia Chamber of Commerce (GPCC)

#### Keeping Members Connected

While the GPCC started out using Act-On to generate leads and increase sales, they quickly discovered that the email automation and lead scoring features could also be used to improve engagement for their members. "Keeping our customers happy is important," said Drew Kondylas, leader of the membership sales team. "And the ability to measure that engagement is key."

Using Act-On lead scoring, they're developing a baseline of customer satisfaction as well as how likely their members are to recommend the GPCC to other businesses. They'll be able to more effectively maintain and even upsell services like advertising and special events such as ribbon-cutting ceremonies.

"It's really exciting to continue to not only drive sales and leads but also to move from purely a business-development focus to a long-term member engagement strategy," Drew said.



# Recommendation 3: Partner with an agency to create ongoing customer engagement

Hiring and retaining B2B marketing talent was a massive challenge for Top Performers. Good talent is in high demand. If you've got a small team, you may have mostly generalists. An agency is a good bet when you need specialized help for certain projects, either to get them started or to manage them through.

Agency partners can be a great option for creating ongoing customer engagement, especially if they provide marketing automation as an integrated offering. And if you lose a key player, agencies and consultants can also provide temporary relief until full-time resources can be found.

Actions you might consider:

- Have an agency manage a technology initiative such as integrating your marketing automation and sales automation tools.
- Find an agency to help with content marketing – creating a strategy and providing content creation for assets such as blogs, podcasts, videos, eBooks, and whitepapers.
- Outsource early-stage brand awareness and lead generation and management (including such tactics as nurturing and scoring).
- Task an agency with segmenting your lists and tailoring email and landing page templates for campaigns.
- Leave search engine optimization (SEO) and pay-per-click (PPC) advertising to experts with years of experience.

## Case Study:

### Terry Forsey Consulting Partnering for Success

Terry Forsey Consulting offers consulting, marketing and lead generation managed services that generate qualified sales-ready leads.

Terry Forsey, Managing Director, puts it this way: "We needed to harness our in-house marketing knowledge and expertise with Act-On's marketing automation software. This would enable us to deliver a complete lead generation managed service that can help software businesses manage the entire sales and marketing process – and generate sales-ready leads."

The team came up with an integrated sales and marketing methodology which delivers a complete process from targeting, engaging, nurturing, and qualifying a potential customer, to generating highly qualified sales leads.

"Most of our customers don't need marketing automation – because we're using Act-On for them. We are their fully automated marketing service."



# Recommendation 4: Segment to get better quality leads (even if there are fewer of them)

Marketers at Average companies indicated that they often struggle with segmentation capabilities in available marketing technology.

- Consider analyzing win-loss data in your sales automation tool to isolate 1-5 key target audiences by product or service.
- Use this data to configure campaigns that narrowly target new prospects with similar profile behavior
- Start nurturing leads with content tailored to their interests
- Use lead scoring to find the leads that are ready to buy and continue to nurture the ones that aren't

Don't measure these efforts by lead volume after a single campaign – this is a long tail effort designed to produce a lower quantity of higher-quality leads over time.

## Case Study:

### Lego Education

#### Building a Better Journey

Lack of visibility has caused issues for LEGO Education North America in the past. The marketing team couldn't see how which touch points were driving leads into the marketing funnel – and which were doing more harm than good.

Brandee Johnson, Senior Marketing Manager, put it this way: "We were treating all of our targets as if they were the same person. We lacked personalization and we lacked customized paths that allowed us to watch behavior and then send the right message to the right people at the right time, based on their interests."

Marketing automation helped LEGO Education solve these challenges and more. They now can see where leads are, how they're progressing, and drill in to find out what's working and what's not to progress those leads through the funnel. The team can invest more budget into areas are working – and fix the ones that aren't.



# Recommendation 5: Target based on behavior and nurture leads automatically

The research underscores the fact that marketing automation tools are not being used effectively today. Don't over-complicate lead nurturing efforts. It's actually easier to configure automated campaigns for current customers because in most cases data can be pulled from sales tools to inform business rules and segmentation.

- Think in terms of micro-segmentation (manageable personalization) and refine the focus on 1-3 target customers.
- Create well-defined segments by combining profile attributes (such as industry, title, or company) with behaviors (such as attending a specific webinar or visiting a specific web page).
- Use sales data to create highly personalized, relevant offers to each distinct segment; stage this content in a nurturing program so that it evolves in a progressive manner, mapping to the stages the typical lead passes through. Automate it so that each new lead begins at the beginning of the cycle, and have exit cues.

Don't stop with leads; nurture your customers. Remember that Top Performers allocate nearly half their budget and time to existing customers for up-sell, cross-sell and loyalty. A purchase could trigger a thank you email, followed by an ongoing series of messages asking them to provide a customer review, take advantage of customer-only promotions, or watch a series of instructional videos designed to help them get the most out of their new product or service so they become more competitive.

## Case Study:

### Mikogo

#### Selling Software to Segments

Mikogo's sales team uses marketing automation to identify qualified leads. As an example, a lead who opens an automated email, clicks on an embedded link, or visits the pricing page will generate a score for each activity. A lead who performs many high-scoring actions in a short time will generate a high score, and will automatically move to a hot prospects list, which is displayed inside a sales tool dashboard.

This lets the sales team systematically qualify opportunities and prioritize their follow up. And, because they have the lead's detailed activity history at their fingertips, they can begin with a warm, informed conversation – not a cold call.

The results include 30% additional closed deals without additional resources or headcount.



# Resources

Ready to transform your marketing? Find out how these organizations creating lasting customer engagement.

## Greater Philadelphia Chamber of Commerce Case Study

Act-On solutions helped the Greater Philadelphia Chamber of Commerce increase sales leads, boost email response, and continually improve results throughout the sales funnel. [Learn more >](#)

## Terry Forsey Consulting Case Study

Terry Forsey Consulting automated its marketing and developed a whole new line of business based on lead generation services, with Act-On. [Read now >](#)

## Lego Education Case Study

Using automation and lead scoring, the LEGO Education marketing team is sending seven times as many email campaigns per year, including triggered and drip campaigns. [See the results >](#)

## Mikogo Case Study

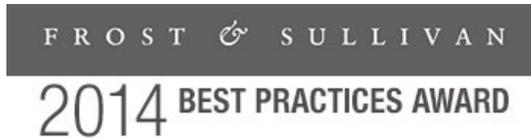
Since adopting Act-On two years ago, Mikogo has increased its sales by 30%, a tremendous lift in topline revenue for the company. [Take a look >](#)

## Rethinking the Role of Marketing

Read the report from Gleanster and Act-On to learn how Top Performing marketing teams are taking full control of the customer lifecycle, managing everything from customer awareness and acquisition to the more lucrative customer retention and expansion.



**DOWNLOAD**  
the Report



## About Act-On Software

Act-On Software delivers cloud-based integrated marketing automation software. Marketers can manage all their online marketing efforts from a single dashboard that can be seamlessly integrated with CRM, giving sales access into various marketing functions. Act-On's fresh approach to marketing automation gives its users full functionality without the complexity other systems impose, and makes campaign creation and program execution easier and faster.

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