

Account-Based Marketing Adoption

September 2015

In Partnership With:

DEMANDBASE

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INTRODUCTION

For most marketers, when the buzz around a new marketing technology or category becomes audible and frequent, they start to pay attention. Account-Based Marketing (ABM) has generated a lot of buzz in recent months, and that awareness is creating momentum for ABM. Most B2B marketers now know about it, and for many that awareness has led to adoption. For those that are using it, ABM is more than just a marketing strategy du-jour; it has become the tour-de-force of their marketing plan. ABM has moved swiftly up the adoption curve in large part because B2B marketers realize its benefits very quickly. **As this research will show, many of the advantages of ABM are realized almost from the onset of implementation and execution, and as usage of ABM matures, its impact is felt throughout the entire length of the sales funnel.**

ABM as a concept is not new, but now with the introduction of purpose-built technologies, it has become scalable, making it simple to grasp and compelling. It allows marketing and sales to target the accounts they value most, including prospects, current customers and partners. **This precise approach to targeting helps bring the right accounts to the table, making the marketing and sales process more efficient.** Every company would prefer to spend its limited resources more efficiently targeting and engaging the right types of accounts, or even better, specific accounts. This outcome is the promise of ABM.

The typical adoption pattern for new technology and approaches is for well-funded and resourced early adopters to try them while the rest of us watch and wait to see if they are viable and affordable. Quite often, these early adopters are large companies. As appealing as new marketing strategies and technologies are, too often they are out of reach for all but the largest firms with the biggest budgets. **As this report will detail, ABM is not the exclusive domain of the largest firms.**

Demandbase and Demand Metric together explored the current state of ABM adoption, detailing usage and user characteristics. **The study findings provide an understanding of ABM and how critical it is as a strategy for companies of all sizes.**



EXECUTIVE SUMMARY

This study's goal was to measure the current state of ABM adoption in the B2B marketing organization, while also understanding how critical ABM is to marketing and sales success. All of the study's participants were from B2B organizations, and most reported revenue growth in the most recently completed fiscal year. Participants represented a wide range of industry affiliations and company sizes.

The analysis of this study's data provides these key findings about the current state of ABM adoption and usage:

- **71% of B2B organizations in this study are interested in adopting ABM, are testing it or are already using it.**
- **Large companies are currently the heaviest users of ABM (41%),** but small companies are the most aggressive testers (23%) at this time.
- **ABM usage is directly linked to better sales and marketing alignment.** 70% of ABM users in this study report that their sales and marketing organizations are mostly or completely aligned, compared to 51% for non-ABM users.
- As a result of ABM usage, the sales funnel has experienced the highest impact in the mid-part of the funnel (32%) or the entire funnel equally (29%). **This full funnel impact increases the longer ABM is in use.**
- **The top reported benefit of ABM by those using it is increased engagement with target accounts (83%).**



EXECUTIVE SUMMARY

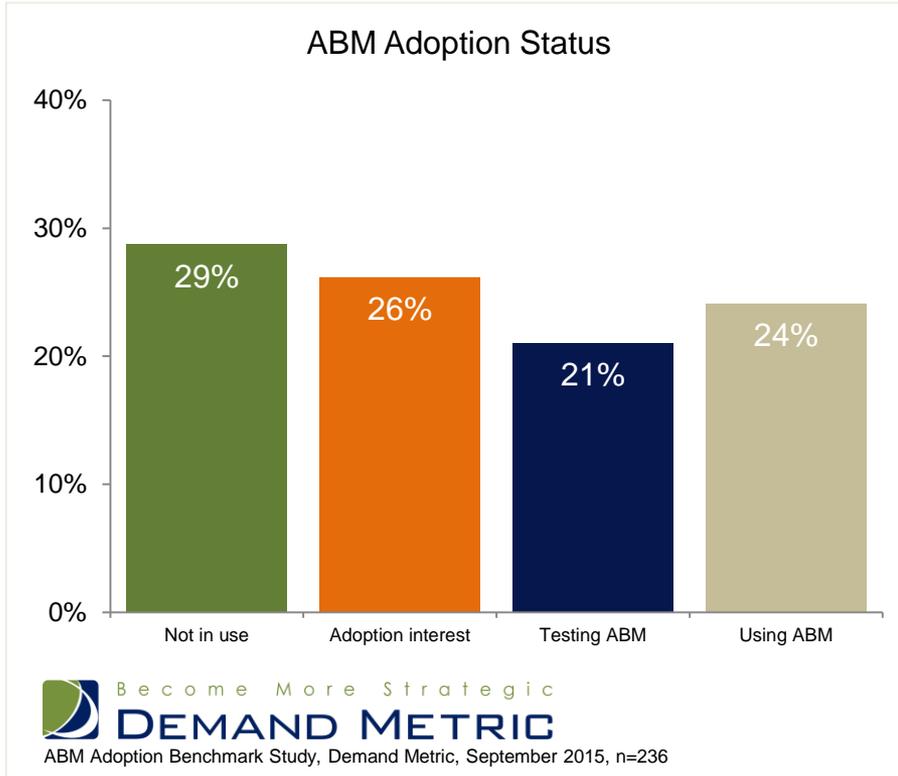
- **96%** of study respondents report that **ABM** has an impact on marketing's success.
- **60%** of those who have employed **ABM** for at least one year attribute a revenue increase to its use.
- A vast majority of **ABM testers (83%)** and **users (72%)** have plans to increase their usage of **ABM** over the next year.

This report details the results and insights from the analysis of the study data. For more detail on the survey participants, please refer to the Appendix.



THE CURRENT ABM LANDSCAPE

Figure 1: Over 70% of study participants have an interest in, are testing or already using ABM.



One of the most basic measures of the status of a solution or strategy is simply adoption: the extent to which it is in use. Technologies, solutions and strategies are often the subject of much hype, but **adoption represents an investment and a level of commitment.**

Figure 1 portrays the adoption status for ABM.

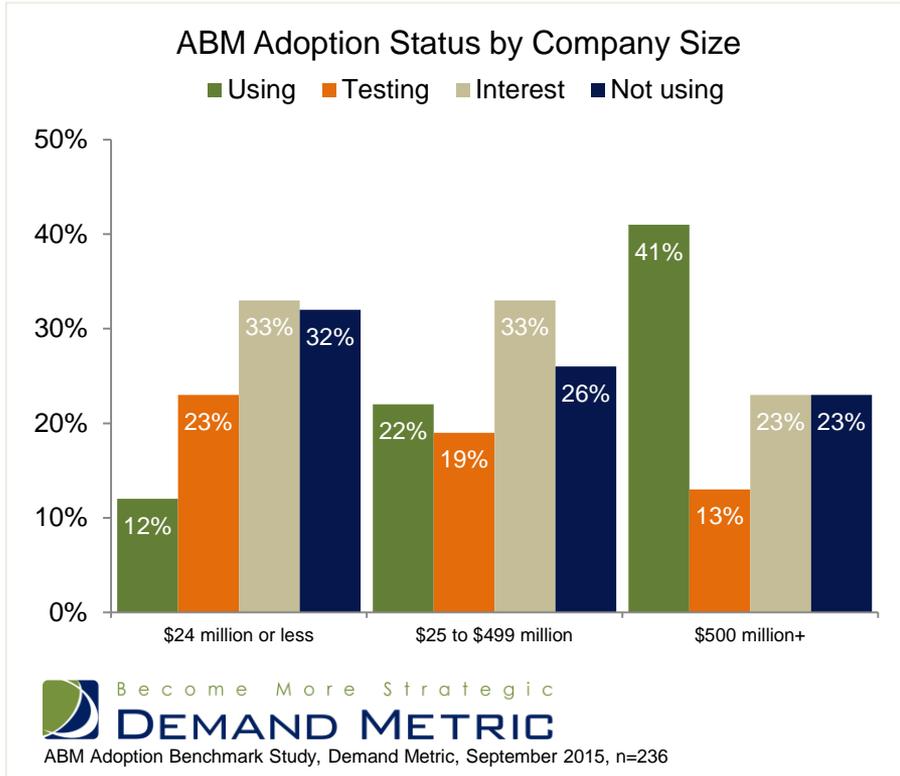
Almost one-fourth of companies in this study have moved beyond testing to using ABM. **Add to this group the companies who are testing or interested in adopting it, and almost three-fourths of B2B companies studied are on board with an ABM approach.**

Considering the shape of the typical technology adoption curve, ABM seems positioned at the onset of the **“early majority” stage of adoption.** This report will explore the characteristics of these ABM adopters.



THE CURRENT ABM LANDSCAPE

Figure 2: Large companies have the highest ABM adoption rate.



The first characteristic of ABM usage this report examines is **company size as measured by annual revenue**. Figure 2 shares this data.

Large companies – with revenues of \$500 million or more – have the greatest adoption rate of ABM. The “knee” of the adoption curve relative to company size is currently positioned at about the \$25 million in annual revenue mark.

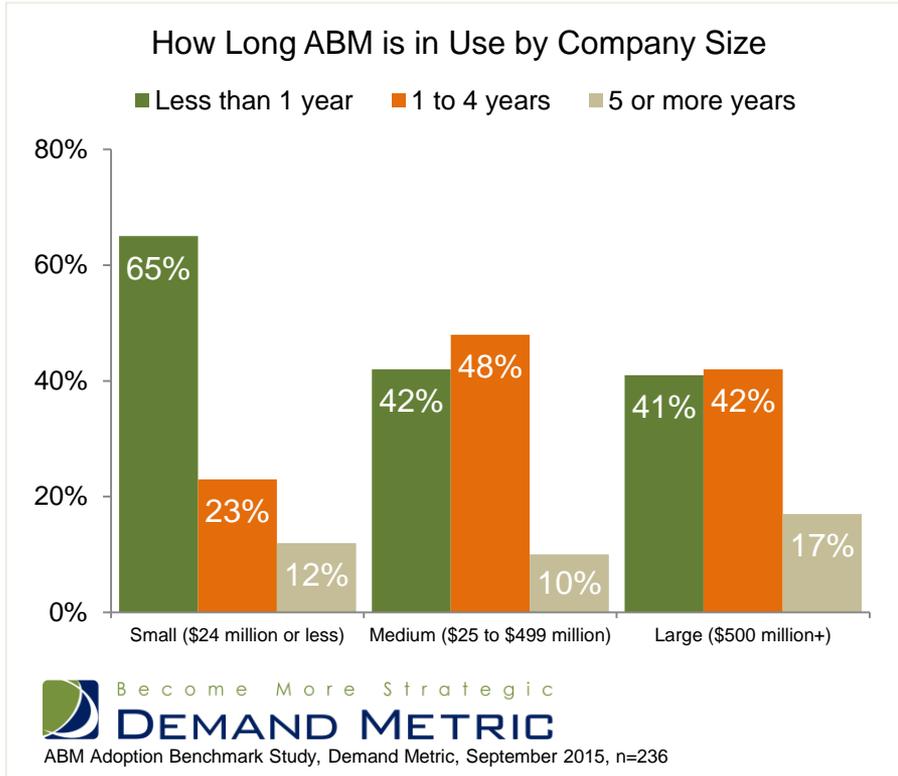
From this revenue threshold and above, almost half of companies in this study are using or testing ABM. This does not imply that ABM is not applicable to small companies, as 35% of companies with \$24 million or less in annual revenue are using or testing ABM.

In fact, these small companies are more likely to be testing ABM than their medium or large company counterparts. From an interest perspective, there is also more consideration occurring at the small and medium-sized company level than at the large company level.



THE CURRENT ABM LANDSCAPE

Figure 3: Small companies are the newcomers to the ABM scene.



One of the reasons that large companies have a lead on ABM adoption is because they've been at it longer.

As Figure 3 depicts, small companies are relative newcomers to the ABM scene.

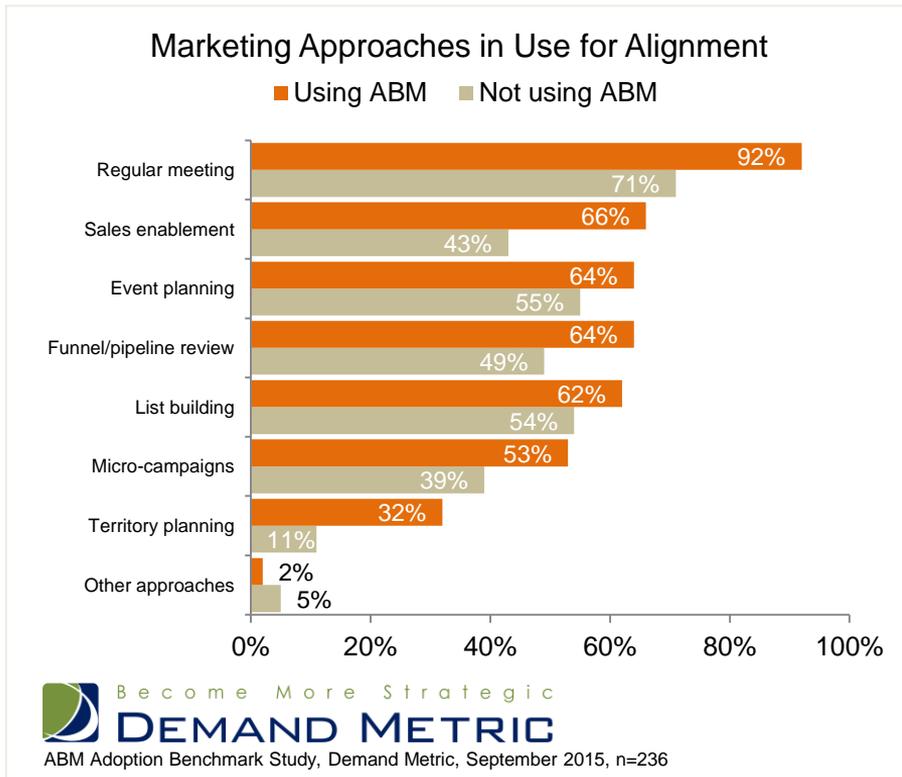
Almost two-thirds of small companies (annual revenues of \$24 million or less) are relatively new to ABM, having used it for a year or less. Those at the highest level of maturity – 5 years or more of reported usage – do not differ significantly based on company size, indicating that **companies of all sizes form the ranks of early adopters.**

So while size is an indicator of how likely and how long a company has used ABM, it is not a prerequisite to usage: **companies of all sizes are getting benefits from ABM.**



THE CURRENT ABM LANDSCAPE

Figure 4: Users & non-users of ABM rely on the same marketing approaches, but at different levels.



This study revealed a strong relationship between sales and marketing alignment and ABM usage.

Companies that are using ABM are more diligent in using marketing approaches that help ensure alignment, and *Figure 4* shows these approaches and the difference in usage levels for them.

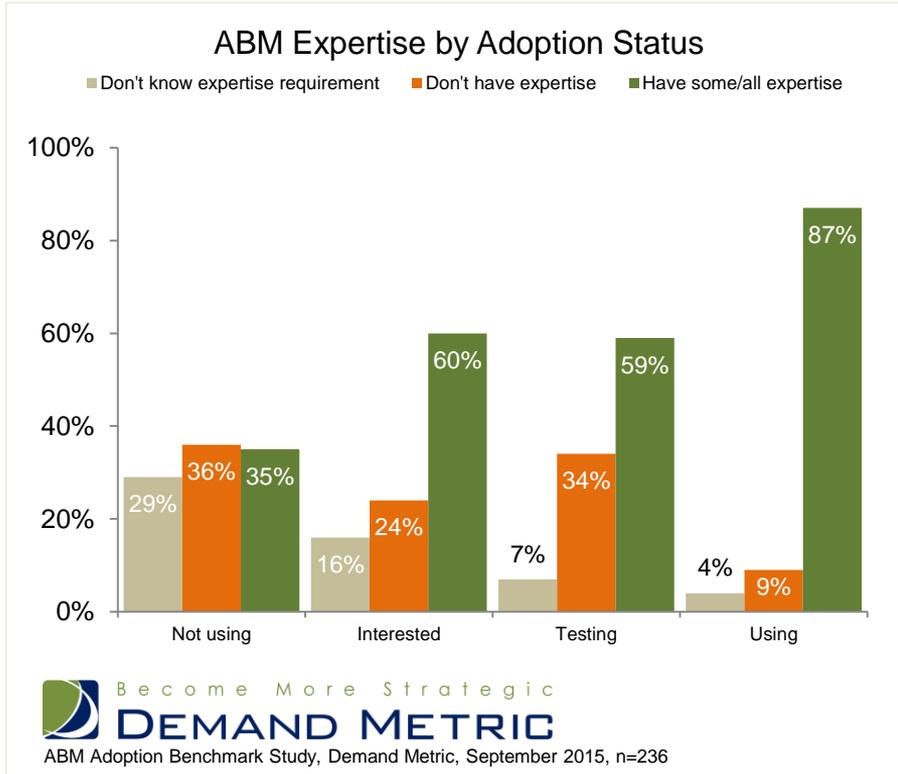
The major differences in the approach usage data in *Figure 4* come in three areas: sales enablement, territory planning, and regular meetings. **For each of these approaches, the usage level for ABM users is more than 20% higher than for non-ABM users.**

Adopting ABM is, in most cases, the driver for these beneficial increases, and **the impact on alignment is strong: 70% of ABM users report that their sales and marketing organizations are mostly or completely aligned, compared to 51% for non-ABM users.**



THE CURRENT ABM LANDSCAPE

Figure 5: Expertise levels between those interested in ABM and those testing it are nearly identical.



The assumption is that adopting ABM requires some level of expertise and having the right technology stack in place.

Figure 5 looks first at the expertise inventory by the adoption status of ABM.

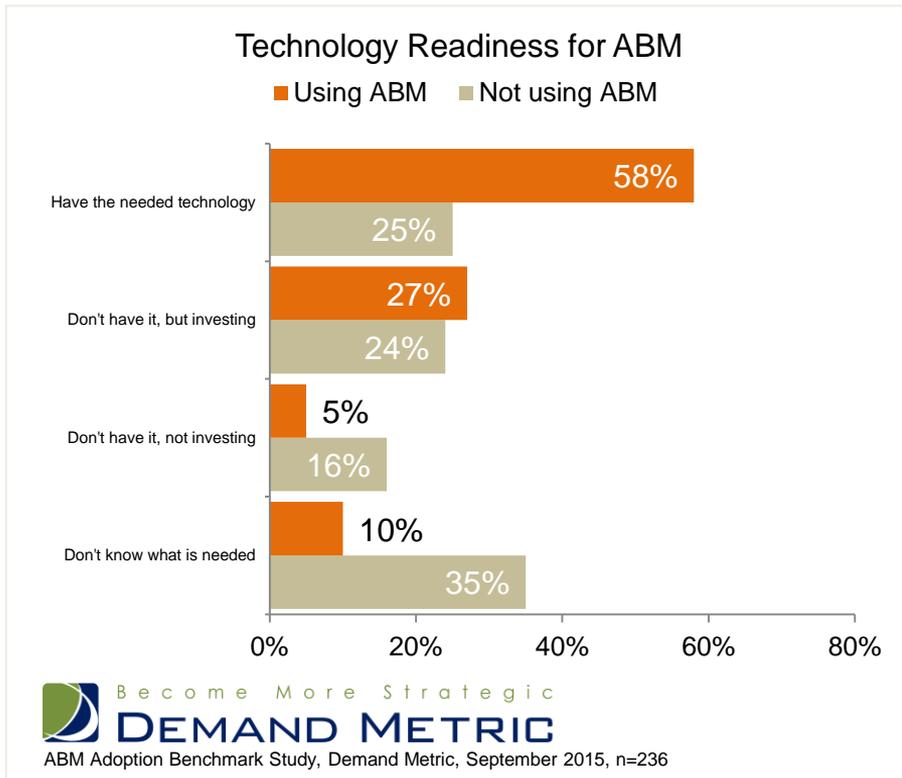
It is expected that users of ABM would possess the greatest expertise, and much of this expertise comes from its use. What is encouraging in these study results to organizations wishing to experiment with ABM is that they **currently have the expertise they need to do so.**

In other words, **no discernable expertise barrier exists between those interested in using ABM and those already testing it.**



THE CURRENT ABM LANDSCAPE

Figure 6: Even ABM users don't report 100% technology readiness.



With most modern marketing approaches, there is some technology requirement.

This study measured the tech-readiness of participants for ABM, and the results are shared in *Figure 6*.

Technology readiness is a bigger barrier to ABM adoption than is expertise (*Figure 5*). However, the data in *Figure 6* makes a subtle but important point about ABM: **successfully executing it isn't totally dependent on technology.** While the technology is important for creating efficiencies and enabling ABM to scale, ABM is more than just a technology solution to install and use.

ABM is an approach, one with both process and technology components. **Successful adoption of ABM requires committing to the process, gaining expertise with it and bringing in the technology components and solutions** to facilitate and scale the process as it becomes more strategic.



THE CURRENT ABM LANDSCAPE

Figures 5 and 6 summarize the expertise and technology picture for ABM. This study also looked at the staffing situation, and Figure 7 compares the total, full-time marketing staff levels to the number of staff focused on ABM.

Figure 7: Average staffing levels for ABM.

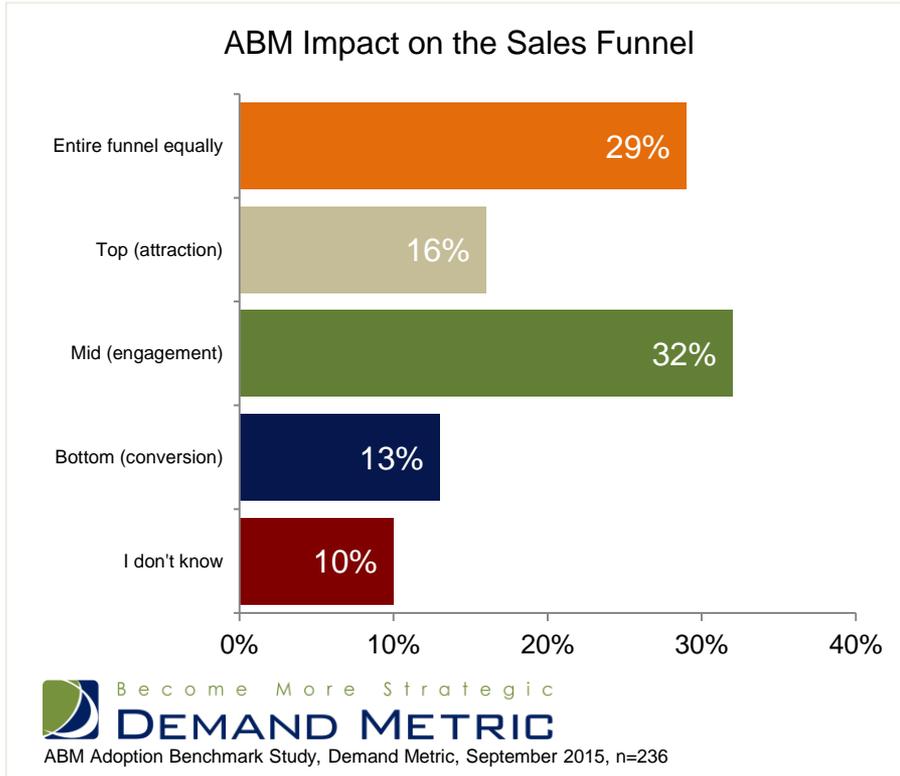
	Total, Full-time Marketing Staff	Total Marketing Staff Focused on ABM
Average for ABM Testers & Users	7+	2

While ABM does require some level of staffing, it doesn't place a heavy burden on marketing teams by requiring lots of dedicated resources.



ABM RESULTS

Figure 8: ABM impacts the entire sales funnel.



Understanding the impact ABM is having in the organizations that are using it is as important as understanding adoption. This understanding begins with looking at the impact of ABM on the sales funnel. *Figure 8* shows which part of the funnel ABM has most impacted.

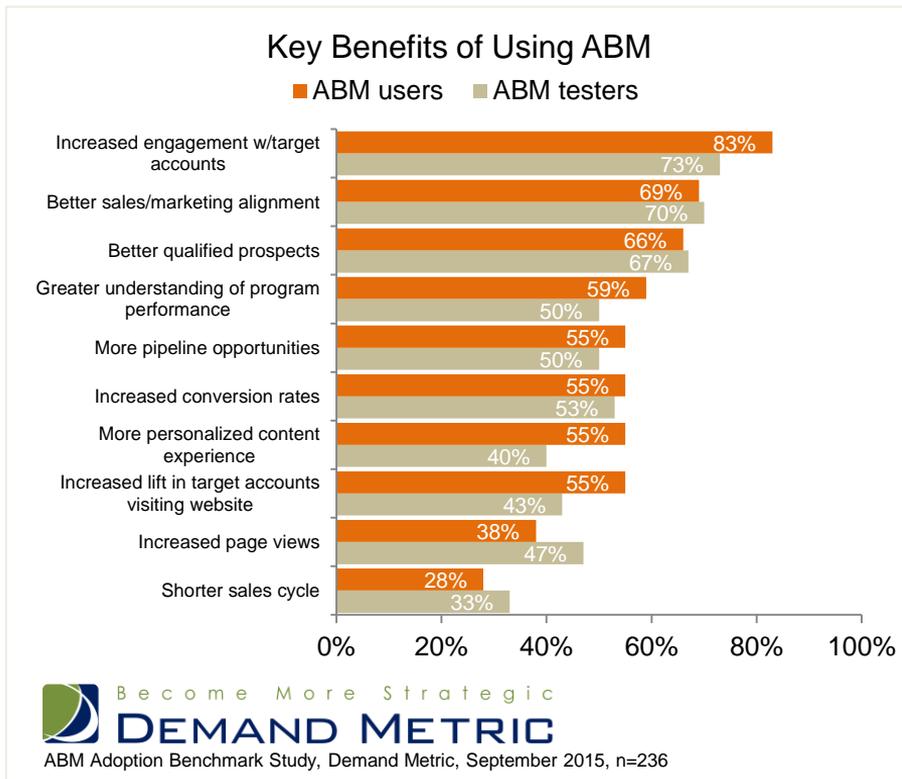
Those with just a rudimentary understanding of ABM might assume that it has its greatest impact at the top of the funnel, and it does have an impact there. **The greatest impact, however, is felt in the mid or engagement section of the sales funnel – that critical area where accounts choose to interact further with a vendor.**

Because ABM is helping bring the right accounts to the table, the level and quality of engagement is higher in the mid part of the funnel, which in turn impacts the bottom part of the funnel favorably. In reality, ABM favorably impacts the entire funnel. Furthermore, the longer ABM is in use, the more this full-funnel impact is experienced: **43% of those using ABM for 3+ years report it impacts the entire funnel, compared to just 12% for those who have used ABM for two years or less.**



ABM RESULTS

Figure 9: Increased engagement with targeted accounts is the top benefit of ABM.



The impact that ABM has on the mid-funnel, where engagement occurs, is clear to see in the ranking of ABM benefits shared by respondents, as shown in *Figure 9*.

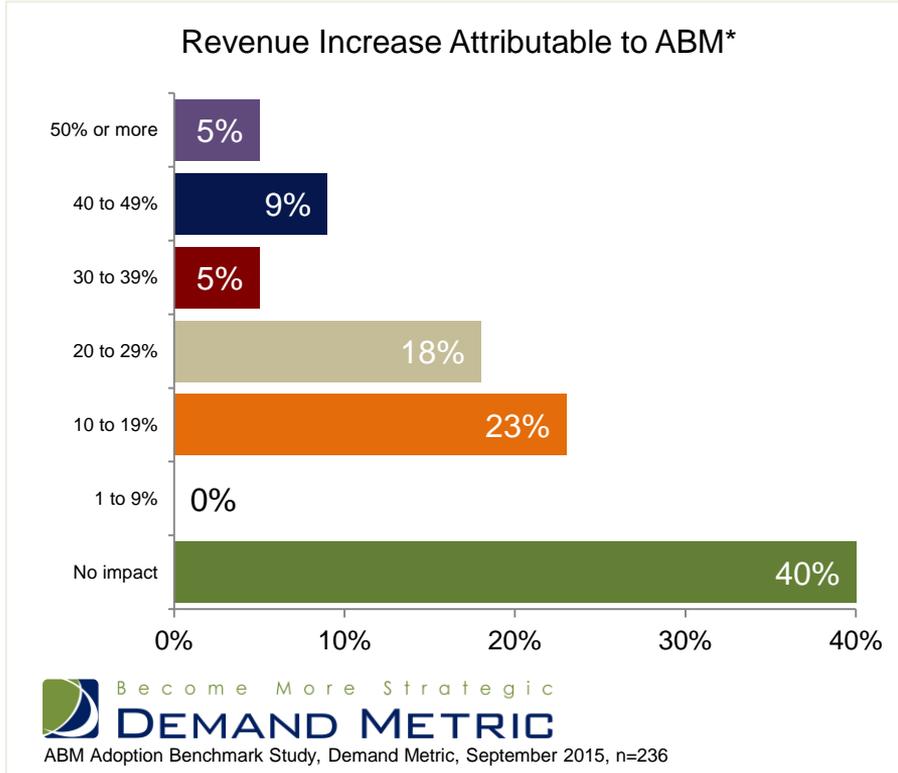
Figure 9 compares the benefits reported by users and testers of ABM. The testers, who are very early in their usage of ABM, are not expected to report getting benefits at the same rate as users. But close inspection of the data in *Figure 9* shows three areas where the benefit levels are essentially identical: **better alignment, better qualified prospects and increased conversion rates.**

Furthermore, ABM testers report a higher incidence of increased page views than do ABM users! What this means is that these benefits of ABM are nearly immediate. **There is no long maturation or period of waiting for these benefits to accrue;** they are realized almost from the onset of ABM usage. This almost instant gratification makes the business case for ABM even more compelling.



ABM RESULTS

Figure 10: 60% of B2B marketers that have used ABM for a year or more attribute a revenue increase of at least 10% to using it.



*ABM in use for 1 year or more

With any approach to marketing, the purest effectiveness measure is how the approach impacts revenue. The revenue attributable to ABM is summarized in *Figure 10*.

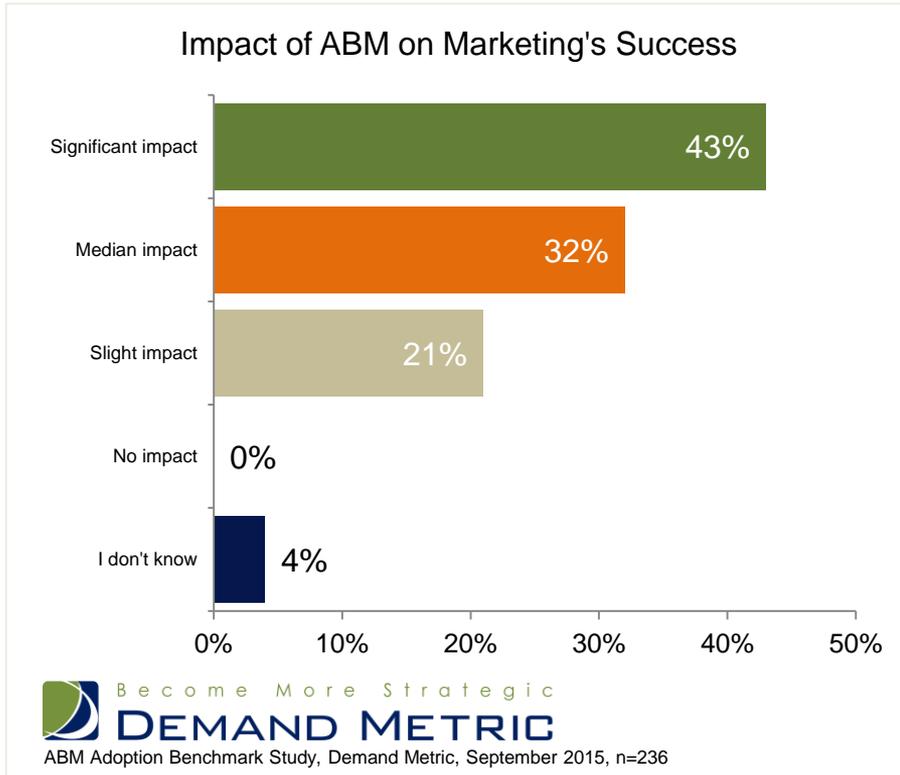
The story that *Figure 10* tells is compelling. **When ABM has been in use for at least a year, 60% of users report a revenue increase of at least 10%, and 19% report a revenue impact of 30% or greater!** The question that *Figure 10* raises is about the remaining 40% who report no impact: *why isn't everyone getting a revenue lift from ABM?*

A closer inspection of this 40% reveals an alignment problem: **none in this 40% “no impact” group report having complete sales and marketing alignment, and over one-third report alignment as just “slight” or “somewhat”.** As *Figure 9* shows, better sales and marketing alignment is one of the top benefits of ABM. However, when organizations that implement ABM don't also implement the alignment actions ABM leads them to make, they sacrifice benefits, including the revenue impact that ABM clearly has.



ABM RESULTS

Figure 11: 96% of study respondents report that ABM has an impact on marketing's success.



ABM's ability to drive revenue creates benefits for the marketing organization. **The ultimate goal for a marketing organization is to not just influence revenue, but to attribute a measurable contribution to revenue.**

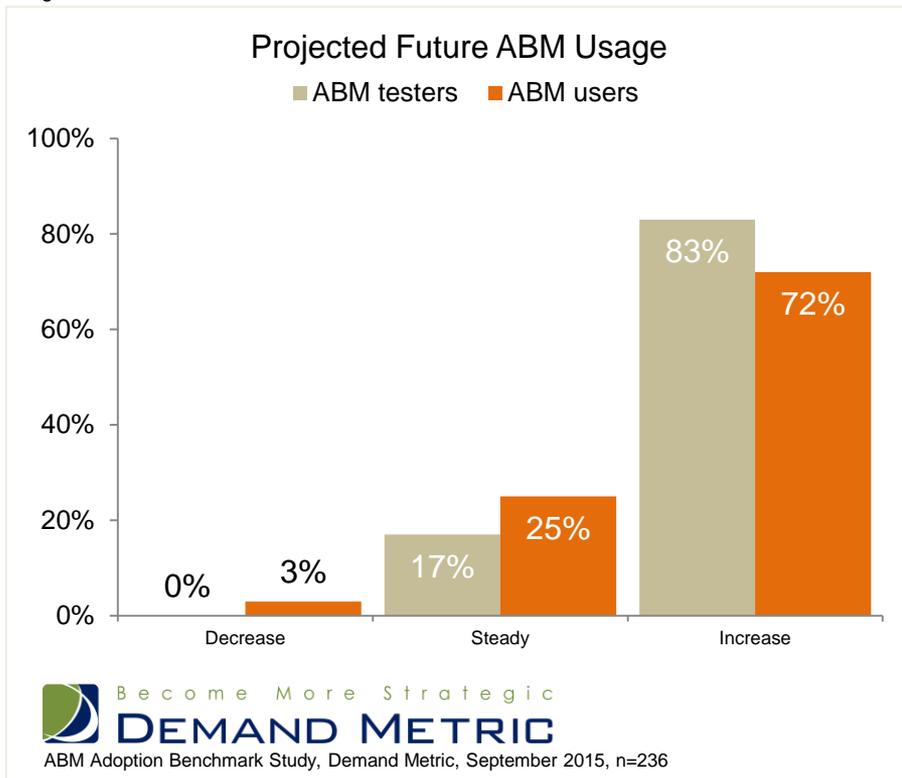
Marketing has historically had responsibility for the top of the sales funnel with a mission to attract leads into it. ABM is not only helping marketing teams succeed by bringing the right kinds of accounts into the funnel, but by also extending that influence throughout the funnel, as *Figure 8* shows. The impact that ABM is having on helping marketing succeed is shown in *Figure 11*.

There's very little uncertainty about how ABM is helping marketing succeed in the organizations that are using it. Just 4% are uncertain about the impact, and **none who took the study's survey reported that ABM had no impact on marketing's success.** Fully three-fourths claim that ABM has a moderate to significant impact on the success marketing is having. The data in *Figure 11* leaves no room for doubt that **ABM is a lever for marketing's success in B2B organizations.**



FUTURE OF ABM

Figure 12: A vast majority of ABM users and testers in this study have plans to increase their usage over the next 12 months.



The results and benefits that ABM is producing are creating momentum for the approach. To understand the commitment to ABM, the study survey asked ABM users and testers to indicate how their usage of and investment in ABM will change over the next 12 months: *will it increase, decrease or stay the same?*

Figure 12 shares these projections.

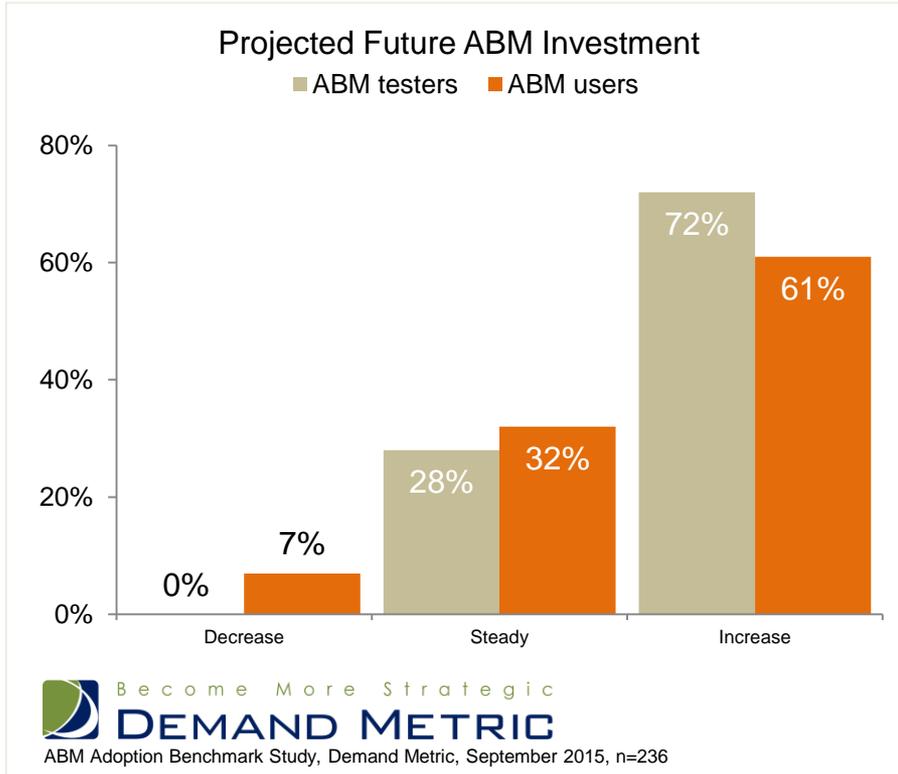
None who are testing ABM have any plans to decrease their usage in the next 12 months, a great indicator that their testing is producing results. Those already using ABM are also poised to increase their usage.

This commitment to increased usage is a good sign that ABM is living up to or exceeding expectations. **This data suggests that users of ABM have clearly not yet reached the limits of its potential.**



FUTURE OF ABM

Figure 13: As with usage, a vast majority of ABM users and testers have plans to increase their investment over the next 12 months.



If usage is one side of the ABM coin, investment is the other side. This study explored, at a high level, how the investment in ABM will evolve over the next 12 months.

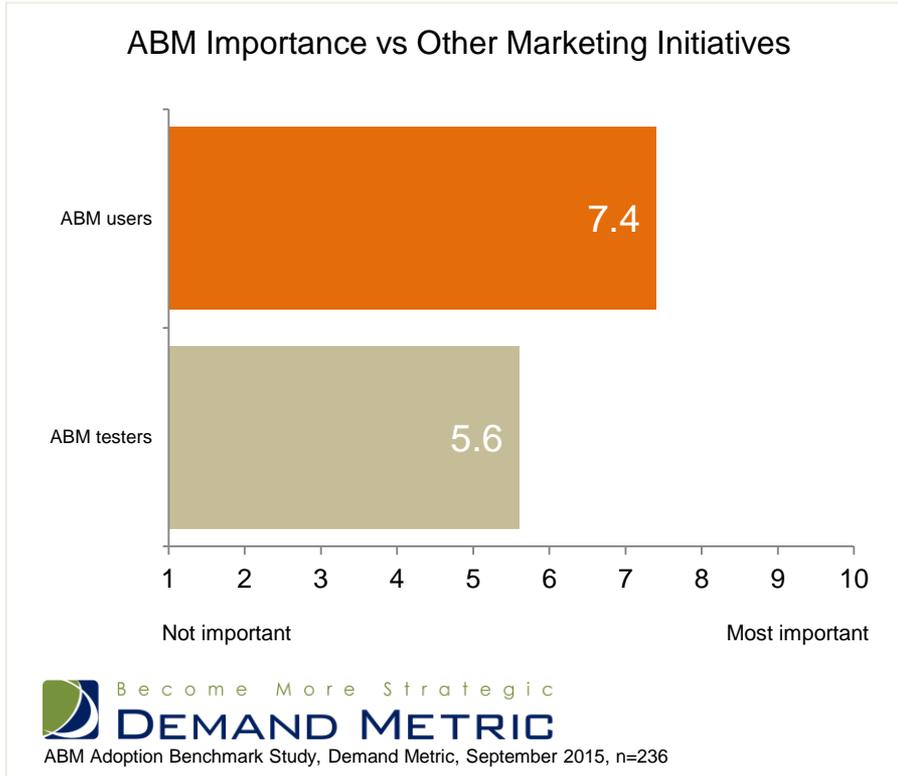
The results of this query are shown in *Figure 13*.

Given the projected increases in ABM usage and investment shown in *Figures 12 and 13*, Demand Metric positions the ABM approach and its supporting technologies at the front end of the early majority stage of the technology adoption curve. **It appears poised for mass adoption in the coming months as awareness of its benefits become better known.**



FUTURE OF ABM

Figure 14: The relative importance of ABM increases significantly as organizations transition from testing to using this approach.



A final validation of the importance of ABM to the organizations that are using it comes in the form of a strategic importance rating the study asked respondents to provide. Study participants were asked to rate, using a scale from 1 to 10 where 1 = Not important and 10 = Most important, how important ABM is to driving revenue, compared to other marketing approaches or initiatives in use by the organization.

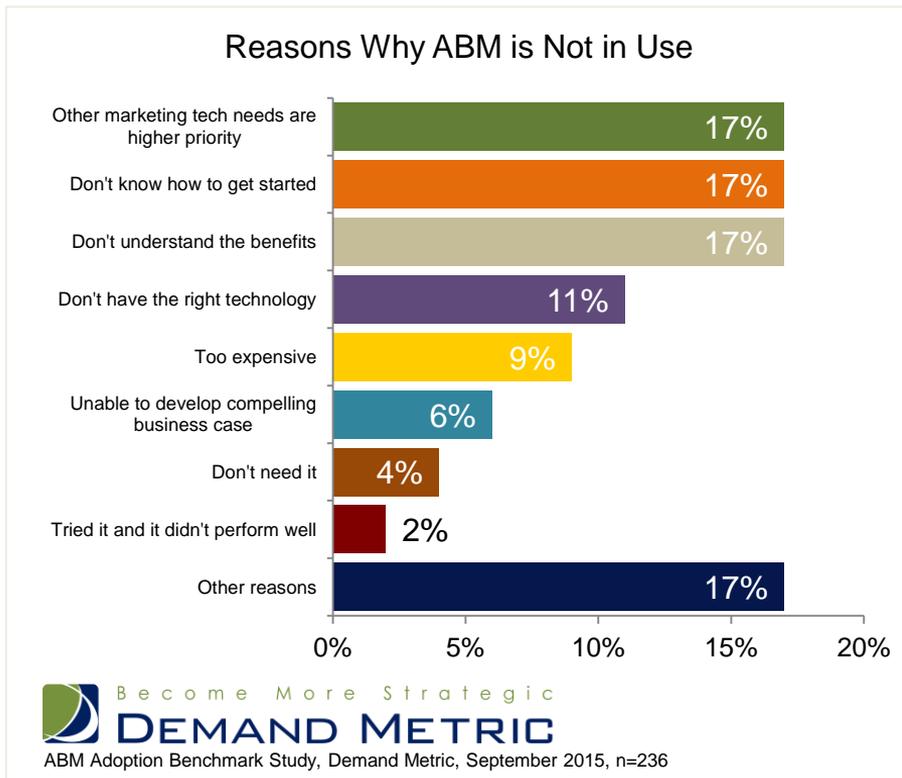
Figure 14 depicts the average rating for testers and users of ABM in this study.

The ABM relative importance data in *Figure 14* tells a story about ABM's value: **as users in this study evolve from testing to usage, the value of ABM increases.** Gaining maturity with the ABM approach proves its worth. It has not been found wanting or lacking in the testing process. Instead, it is delivering the expected benefits and causing users to increase their commitment to it, rather than abandon it in favor of other approaches.



FUTURE OF ABM

Figure 20: No single reason for not using ABM dominates.



Since the ABM approach has momentum and solid traction among B2B marketers, it is insightful to understand what is preventing non-ABM users from adopting the approach.

Figure 15 summarizes reasons study participants shared for not using ABM.

No single reason dominates the list that *Figure 15* presents. What the data in *Figure 15* also reveals is that **the reasons why companies aren't using ABM have little to do with perceived value, cost or risk.** Instead, the top barriers are readiness and understanding. While these barriers are real, they are some of the easier ones to overcome.



FUTURE OF ABM

Tied for the highest percentage response was the “Other reasons” option in Figure 15. Here is a representative sampling of the write-in comments that the survey participants provided when choosing this response option:

- *“Our marketing area doesn’t know the ABM theory.”*
- *“Sales is not interested at this time.”*
- *“Lack of senior management buy-in.”*
- *“We’re too small with too few accounts.”*
- *“The sales leadership of the major accounts doesn’t understand it, nor do they have the staffing to perform it.”*



ANALYST BOTTOM LINE

Account-Based Marketing presents an appealing proposal: **through precision targeting, ABM allows B2B marketers to attract, engage and convert the most important accounts.** It's a simple value proposition, but a very important one for marketers who are constantly striving to produce better quality leads, engagement with those leads and conversion into increased revenue. When ABM works as advertised, marketing and sales work more efficiently, and when that happens, revenue comes easier.

This study confirms that the revenue impact of ABM is real. **As an approach, ABM impacts the entire sales funnel, from the top (attraction), through the middle (engagement) to the bottom (conversion).** Very few tools in the sales/marketing tool chest have impact across the entire funnel like ABM does. This impact on the sales funnel is not just a vague relationship assumed to exist: **56% of those in this study who have used ABM for at least one year report a revenue lift of 10% or more.**

B2B marketers should take the following steps when evaluating ABM for their organization:

- **Understand its potential.** As awareness of ABM benefits become better known, this approach seems poised for mass adoption. ABM is not a game where it pays for B2B marketers to be fashionably late: B2B marketers can't afford to remain uninformed of what ABM is and what it could do for them. It won't be a game-changing approach for everyone, but it is for some and they need to know that sooner than later.
- **Position for readiness.** Of the three major areas of readiness for ABM that this study covers – expertise, technology and staff – technology is the most important. Fortunately, the barriers aren't high in any of these areas, as ABM doesn't place huge demands on any of these resources. But expertise and technology both correlate to ABM usage. **The fastest path to productive use of ABM is through a vendor platform, which also comes with the vendor's expertise.** You supply the staff to propel the initiative.



ANALYST BOTTOM LINE

- **Prepare for change.** A successful ABM implementation will do more than just bring the right accounts to the table. You'll see changes in the marketing/sales interface as well. For example, ABM will likely lead to changes in the way territory planning is done, because it will create a new landscape and understanding of that landscape. It's also likely to change things like the way lists are built and how often meetings occur. These are not insignificant process and culture changes. The point is simple: **you should go where ABM leads you, because these changes all lead to a desirable place – a highly aligned sales and marketing team.**
- **Set expectations.** With the implementation of many new approaches, a certain expectation must be set to prevent disappointment: **give it time.** You must crawl before you walk, and walk before you can run. One of the most compelling aspects of ABM is that it does deliver some rather immediate gratification, and it's right for new users to expect quick results in terms of better alignment, more qualified prospects and increased conversion rates (*Figure 10*).

ABM is, in practice, a very promising approach to reaching and converting the right accounts. Given the state of ABM adoption, there is now enough data to move from speculation about the performance of ABM to fact-based conclusion. **The data from this study confirms that ABM is delivering benefits as advertised, and is a valid solution for B2B companies of any size.**



ACKNOWLEDGEMENTS

Demand Metric is grateful to Demandbase for collaborating on this benchmarking study and for those participants that took the time to provide their input to it.



ABOUT DEMANDBASE

Demandbase, the leader in account-based marketing, enables B2B companies to identify and target the accounts they value most, and then market to them across the entire funnel.

The Demandbase B2B Marketing Cloud is the only subscription-based ad targeting and web personalization solution that lets marketers connect campaigns directly to revenue. The B2B Marketing Cloud is powered by patented technology, which allows companies to identify the accounts they value most and personalize their digital marketing efforts to them. With Demandbase, businesses can target, engage, convert and retain the customers that matter most to their bottom line.

Enterprise leaders and high-growth companies such as Adobe, Salesforce.com, Box, CSC, DocuSign, Dell and others use Demandbase to drive account-based marketing and maximize their marketing performance.

For more information about Demandbase, visit www.demandbase.com.



ABOUT DEMAND METRIC

Demand Metric is a marketing research and advisory firm serving a membership community of over 70,000 marketing professionals and consultants in 75 countries.

Offering consulting methodologies, advisory services, and 500+ premium marketing tools and templates, Demand Metric resources and expertise help the marketing community plan more efficiently and effectively, answer the difficult questions about their work with authority and conviction and complete marketing projects more quickly and with greater confidence, boosting the respect of the marketing team and making it easier to justify resources the team needs to succeed.

To learn more about Demand Metric, please visit: www.demandmetric.com.



APPENDIX: SURVEY BACKGROUND

This ABM Adoption Benchmark Study survey was administered online during the period of June 15, 2015 through July 7, 2015. During this period, 352 responses were collected, 99 of which were disqualified (only B2B companies were surveyed). Of the remaining responses, 236 were complete enough for inclusion in the analysis. The representativeness of these results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance. Summarized below is the basic categorization data collected about respondents to enable filtering and analysis of the data:

Type of Organization:

- Primarily B2B (78%)
- Mostly B2B, some B2C (14%)
- Mixed B2B/B2C (8%)

Primary Role of Respondent:

- President, CEO or Owner (13%)
- Marketing (76%)
- Sales (5%)
- Other (6%)

Annual Sales:

- \$10 million or less (38%)
- \$11 to \$25 million (13%)
- \$26 to \$100 million (21%)
- \$101 to \$500 million (13%)
- \$501 million to \$1 billion (4%)
- Over \$1 billion (11%)



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