From Insight To Action: How Predictive Analytics Improves B2B Marketing Outcomes

FORRESTER®

Table Of Contents

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

FORRESTER®

Executive Summary

Traditionally, marketing has been considered more of an art than a science, and the role of marketing analytics has been primarily to prove marketing's business impact by measuring awareness, interest, and campaign results. With the advent of more advanced analytics, marketers can not only account for campaign results but also create models that predict marketing outcomes with a significant probability of accuracy. Forward-looking business insights enable business-to-business (B2B) marketers to predict go-to-market outcomes by gaining visibility into their total addressable markets. More tactically, predictive insights can help increase the accuracy of customer identification and improve the performance of customer acquisition programs. By using predictive analytics in these ways, B2B marketers can make the shift from proving marketing results to driving business growth.

In August 2015, Radius commissioned Forrester Consulting to evaluate the use of predictive analytics by B2B marketers. The goal of the study was to test whether marketing executives who strategically use predictive analytics deliver better business outcomes than those who use traditional analytics to manage execution.

> **Companies using predictive analytics are twice as likely to exceed revenue growth targets, command a market-leading position, or exceed marketing goals for delivering value to the business than their counterparts that do not.**

Forrester conducted 106 online surveys and four in-depth phone interviews with B2B marketing executives in the US and found that B2B marketing organizations that strategically use predictive analytics outperform other organizations that use more traditional data analytics approaches to improve marketing execution.

KEY FINDINGS

Forrester's study yielded three key findings:

› **B2B marketers who use predictive analytics outperform their counterparts who do not.** A majority of marketers in our study (61%) use predictive analytics today. Of these users, 83% said they have experienced a considerable or very high business impact from their use of predictive analytics. More importantly, users outperform nonusers on several important metrics: 1) 72% of users exceeded 2014 revenue goals by 10% or more, while only 33% of nonusers did the same; 2) 75% of users have higher market share than competitors, while only 38% of nonusers claim this status; and 3) 58% of users exceeded their marketing business goals, while only 29% of nonusers did the same.

› **Predictive analytics helps B2B marketers turn their data into valuable go-to-market insights.** Two-thirds of B2B marketers (67%) agreed their problem is not lack of data, but their ability to draw insight from the data they have. Their top barriers to turning data into insight are: 1) limited visibility into addressable markets and 2) difficulty implementing solutions within current infrastructure. Predictive analytics offers solutions to these challenges: 86% agreed that predictive analytics helps them evaluate new market opportunities. Additionally, predictive analytics users cited faster rollout of analytics solutions than nonusers (36% of users implemented in less than two weeks versus 21% of nonusers).

› **Predictive analytics improves marketing performance across the entire customer life cycle, not just during presales acquisition.** While most marketers see value in using predictive analytics to identify new opportunities and better qualify leads, the more advanced users also realize upstream and downstream benefits. In our study, 97% of predictive analytics users said they benefit by using analytics to analyze their best customers and understand how/why they buy. With this understanding, B2B marketers build strategies to attract more valuable customers. And once they have identified and qualified targets, users also leverage predictive analytics to pinpoint the most effective ways to nurture prospects and engage existing customers. This combination of understanding, identifying, and engaging customers shifts marketing from proving its business value to determining where the business should go.

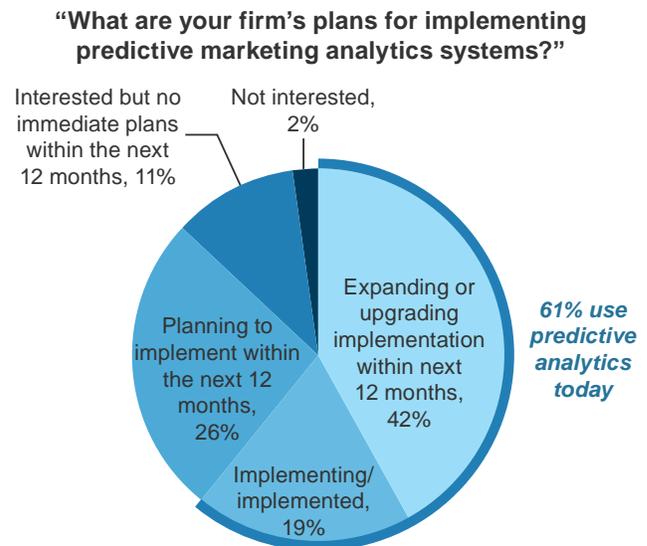FORRESTER®

Predictive Analytics Is Going Mainstream

Data insights are crucial to business decisions today. Forrester's Business Technographics® survey shows that 54% of global business and technology decision-makers rated improving the use of data and analytics for business decisions and outcomes as a top priority for this year.[1] As marketing organizations strive to better understand, identify, and engage customers in current and new markets, they need new ways to evaluate not only how well their program choices have worked in the past, but also how to focus their marketing efforts going forward.

Enter predictive analytics. Predictive analytics empowers marketers with capabilities they've long desired: the ability to anticipate outcomes with a significant probability of accuracy. Marketers want the ability to replace guesswork with math, models, and science. While predictive analytics is only an emerging category, our survey of 106 B2B marketing analytics executives shows that it is rapidly heading into the mainstream. Specifically, our survey revealed that:

› **Adoption and interest in predictive analytics are nearly universal.** B2B marketers have bought into the idea that analytics should show you where to go, not merely report on where you have been. Nearly all companies we surveyed (98%) are interested in, plan to implement, or have implemented predictive analytics. Of these, 61% indicated that their companies have already implemented this technology, 26% have concrete plans to implement over the next year, and 11% are interested but have no plans to act during the next 12 months. Pilot programs continue to succeed as indicated by the 42% who are expanding/upgrading current programs (see Figure 1).

› **Widespread use lags behind other marketing technologies.** Despite high interest, predictive marketing analytics remains relatively uncharted territory — full of potential but lacking tenured experience. While 60% of respondents said they use predictive analytics specifically for B2B marketing purposes, this figure falls below the adoption rate of all other marketing technology areas we surveyed (see Figure 2). Given the high level of interest and plans among nonusers, we expect the momentum behind

FIGURE 1

The Majority Of Companies Use Predictive Analytics

"What are your firm's plans for implementing predictive marketing analytics systems?"

- Interested but no immediate plans within the next 12 months, 11%
- Not interested, 2%
- Expanding or upgrading implementation within next 12 months, 42%
- *61% use predictive analytics today*
- Planning to implement within the next 12 months, 26%
- Implementing/ implemented, 19%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FIGURE 2

Despite Majority Use, Adoption Is Lower Than Comparable B2B Marketing Technologies

"Which of the following best describes your firm's use of the following marketing technologies, specifically for B2B marketing purposes?"
(Percentage adopted)

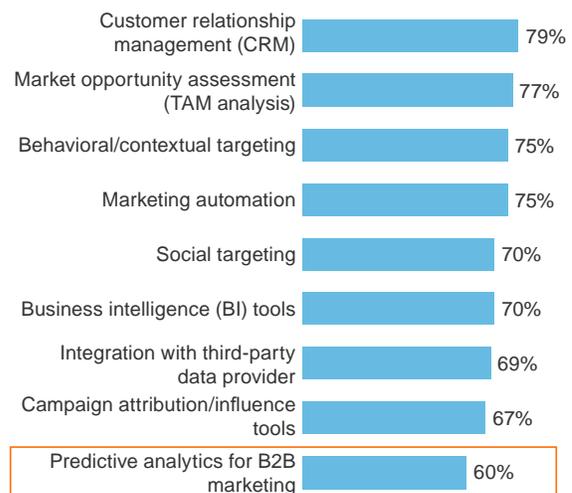|	
Customer relationship management (CRM)	79%
Market opportunity assessment (TAM analysis)	77%
Behavioral/contextual targeting	75%
Marketing automation	75%
Social targeting	70%
Business intelligence (BI) tools	70%
Integration with third-party data provider	69%
Campaign attribution/influence tools	67%
Predictive analytics for B2B marketing	60%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

predictive analytics will continue to grow during the next few years.

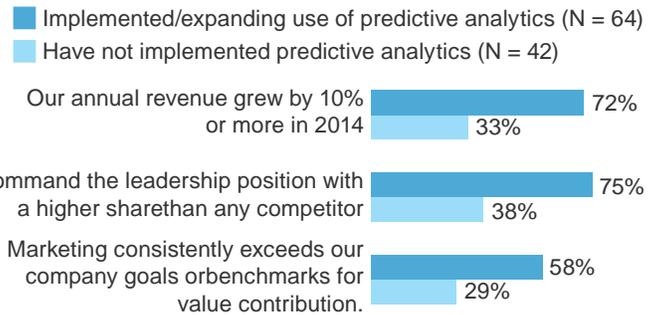# Marketers Using Predictive Analytics Outperform Nonusers

Does the buzz and interest surrounding predictive analytics among B2B marketers deliver results? Our survey indicates it does, both in absolute impact and relative business performance. The best of the best marketers use predictive analytics to impact their businesses in some very significant ways. Our survey found that:

› **Predictive analytics users are twice as likely to overperform on key business metrics.** In our survey, use of predictive analytics correlates well with positive business outcomes. Financially, the number of respondents reporting 2014 year-over-year revenue growth of 10% or more was more than two times higher among predictive analytics users (72%) as compared with nonusers (33%). Positive competitive and marketing-specific outcomes were also more likely among users, with twice as many reporting market share leadership (75% versus 38%) — and outstanding marketing value contribution (58% versus 29%) — than counterparts (see Figure 3).

› **Most predictive analytics users reap significant, positive business impacts.** Best-in-class B2B marketers use predictive analytics to further solidify their leadership positions and produce positive business results. Among the 64 survey respondents who have implemented predictive analytics or are expanding/upgrading implementations, 83% rated their use as having significant business impact. Nearly half (47%) gave predictive analytics the top rating on our scale, indicating that their investments have delivered significant value (see Figure 4).

› **Users have more integrated, advanced technologies and take a more strategic approach to metrics.** Predictive analytics users are more advanced than nonusers in their approach to modern marketing: 79% of users have standardized on a primary marketing technology platform — as opposed to accessing marketing data and technologies from multiple applications — versus 34% of nonusers. Users also implement analytics solutions faster and are more likely to measure meaningful business outcomes such as leads generated and conversion rates than their nonuser

FIGURE 3

Predictive Analytics Outperforms Others On Key Business Metrics

"Which statement most closely describes your [organization's revenue growth in the past year/ company's market share/marketing organization's contribution to the business]?"

■ Implemented/expanding use of predictive analytics (N = 64)
■ Have not implemented predictive analytics (N = 42)

Our annual revenue grew by 10% or more in 2014 — 72% / 33%

We command the leadership position with a higher share than any competitor — 75% / 38%

Marketing consistently exceeds our company goals or benchmarks for value contribution. — 58% / 29%

Base: 106 B2B marketing analytics decision-makers in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FIGURE 4

Eighty-Three Percent Reported Considerable Or Very High Business Impact From Their Use Of Predictive Analytics

"Overall, to what extent has your organization's use of predictive analytics had an impact on your business?"

■ Very high impact   ■ Considerable impact
■ Some impact   ■ Little or no impact

83% considerable or very high impact

47%
36%
13%
5%

Base: 64 B2B marketing analytics decision-makers at US companies that have implemented predictive analytics
Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

counterparts (see Figure 5). These outcome-oriented metrics resonate with executive leaders to help marketers prove their value.

Despite Interest In Predictive, B2B Marketers Still Struggle With Data And Market Visibility Limitations

FIGURE 5

Predictive Analytics Users Deploy Standardized Technology, Integrated Analytics, And Faster Execution

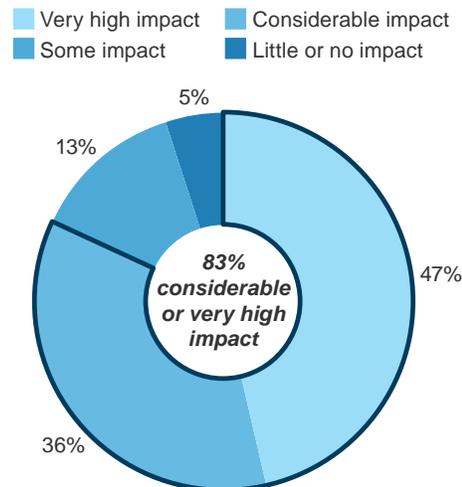| Maturity Indicators	Implemented/Expanding Use Of Predictive Analytics (N = 64)	Have Not Implemented Predictive Analytics (N = 42)
Use standardized marketing technology platform	Majority (79%)	Minority (34%)
Time to implement new analytics solution	36% in < 2 weeks	21% in < 2 weeks
Top metrics tracked	Brand equity (73%) Leads generated (59%) Conversion rate (55%)	Brand equity (62%) Click-through rates (62%)

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

*"We use analytics to measure the effectiveness of marketing programs — the best strategies, the most cost-effective ways to market, and tactics that are most effective in terms of lead generation and conversion. Marketing's purpose is to influence the buyer. **And of course, as marketers, we are always trying to justify our jobs.**"*

— Head of marketing strategy at a leading finance software company

While users of predictive analytics have already seen significant impact, survey results indicate that B2B marketers still face broader data and analytics challenges. As marketers transition their methods from guesswork to science, legacy marketing and sales processes can hold them back. The objectives marketers have for their analytics data, processes, and systems today are more about proving marketing's impact than using marketing insights and outcomes to improve the business. B2B marketers need to identify untapped opportunities and engage existing customers to help grow their businesses, but limited visibility into addressable markets prevents them from doing so effectively. Manual data inputs remain the primary cause behind this lack of visibility. Our survey found that:

› **Traditional analytics use focuses on tactics and execution rather than growth.** Survey respondents indicated that the top reasons they collect and analyze data are to track customer satisfaction, arm sales teams with information, and measure campaign effectiveness. While essential, these marketing activities do not focus directly on either strategy or growth. However, predictive analytics users stand out from nonusers when qualifying

FORRESTER®

leads for sales, gaining insights into new markets, and predicting which leads may become forecasted opportunities (see Figure 6). While both groups cover the fundamentals, predictive analytics users are better at leveraging the power of prediction to look forward.

FIGURE 6

Analytics Priorities Skew Toward Survival, Particularly Among Those Not Using Predictive

"Which statements primarily describe the reasons why marketing collects and analyzes customer data today in your organization?"
(Select three maximum; top six shown)

- ▇ Implemented/expanding use of predictive analytics (N = 64)
- ▇ Have not implemented predictive analytics (N = 42)

To track and measure customer satisfaction and/or loyalty
34%
38%

To enable sales with better information for sales engagement
34%
29%

To benchmark campaign and marketing program effectiveness
28%
33%

To determine which leads or opportunities are best qualified
34%
19%

To gain insights into new markets to enter
30%
19%

To predict which early-stage (unknown) contacts might become leads or opportunities
27%
19%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

› **B2B marketing executives struggle most with limited visibility into addressable markets.** In our survey, we presented respondents with a list of 12 barriers that impede strategic marketing. Limited visibility into total addressable markets (TAM) topped the list, with 25% of those surveyed ranking this issue among their top three challenges. Marketers often voice concern over a lack of funding or the difficulty of measuring returns on campaigns, but our survey revealed that these barriers ranked secondary to TAM visibility (see Figure 7). To help their companies thrive, B2B marketers need solutions to
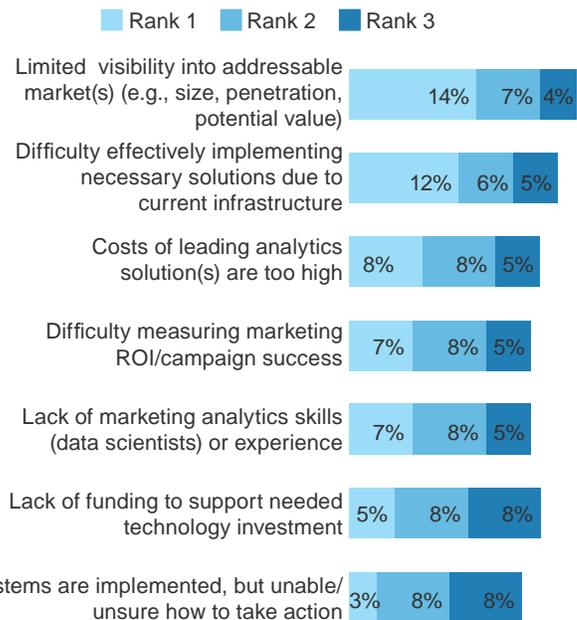
help their peers understand, identify, and engage the customers with the greatest value potential over the entire customer life cycle.

"Our goals are entirely around identifying the best possible leads for sales reps to spend their time on. . . . We have to solve for lifetime value in that moment as opposed to solving for just close rate."

— VP of marketing at a US-based business services company

FIGURE 7

Limited Visibility Into Addressable Markets Impedes Marketers From Making Strategic Decisions

"What are the primary barriers today that prevent you from turning your data into insight that can direct marketing where to go next?"
(Rank top three; top seven responses shown)

- ▇ Rank 1 ▇ Rank 2 ▇ Rank 3

Limited visibility into addressable market(s) (e.g., size, penetration, potential value)
14% 7% 4%

Difficulty effectively implementing necessary solutions due to current infrastructure
12% 6% 5%

Costs of leading analytics solution(s) are too high
8% 8% 5%

Difficulty measuring marketing ROI/campaign success
7% 8% 5%

Lack of marketing analytics skills (data scientists) or experience
7% 8% 5%

Lack of funding to support needed technology investment
5% 8% 8%

Systems are implemented, but unable/unsure how to take action
3% 8% 8%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

> **Most B2B marketers still rely on manual and static inputs that do not derive detailed segment profiles.** Poor data automation increases the challenge of dealing with limited market visibility. Our survey revealed that marketers primarily rely on manual inputs from sales reps (73%), static list purchases (68%), and manual inputs from contact forms (55%) to perform customer and market segmentation (see Figure 8). These data sources are likely to produce generic firmographic segment profiles. Manual processes also don't scale with the data volume and quality needs of the modern marketer. For example, as one of our interview participants highlighted, sales reps have little incentive to input information correctly, because they can still do their jobs (and make their bonuses) without feeding data into the marketing automation system:

"We are relying on sales people to do data entry. They don't do a good job of it, but they are not incentivized to. This means we can't code right and then we can't track anything."
— *Head of marketing strategy at a leading finance software company*

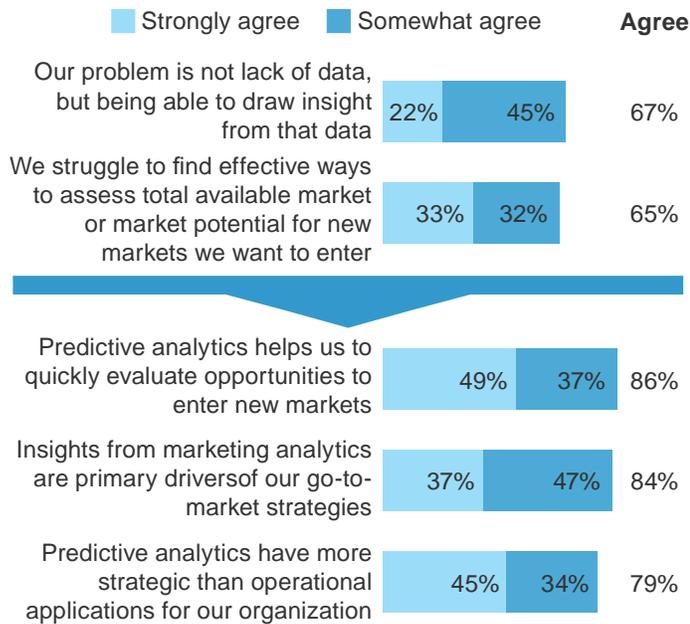## Predictive Analytics Solves Top B2B Challenges And Helps To Engage Customers

Predictive analytics helps turn vast volumes of data into forward-looking business insights that help marketers, and many other businesspeople, confidently navigate the path to deeper, more relevant customer relationships. Our survey revealed that B2B marketers who use predictive analytics not only gain visibility into total addressable markets, but also have a greater impact on the pre- and post-sales stages of the customer life cycle. We found that:

> **Predictive analytics solves strategic go-to-market challenges such as TAM visibility.** Limited TAM visibility and reliance on manual inputs are specific examples of a broader challenge: Businesses are drowning in data but starving for insights.[2] While 67% of respondents agreed that they struggle not from a lack of data but from the need to draw better insight from the data they already have at hand — and an additional 65% reaffirmed that assessing total available market is a major issue — far more respondents see predictive analytics as a more strategic capability. Eighty-six percent agreed that predictive analytics will help them evaluate new market opportunities faster, 79% believe it has more strategic than tactical applications, and 84% agreed that analytic insights currently drive their go-to-market strategies (see Figure 9).

FIGURE 8
Manual Inputs Drive Segmentation Analyses

"What data inputs do you rely on to run customer and market segmentation?"
(Select all that apply)

Manual inputs from sales reps	73%
List purchases	68%
Manual inputs from contact forms	55%
Connected platform(s) applying real-time external signals	40%
Bulk data appends	40%
Always-on enrichments	38%

Base: 106 B2B marketing analytics decision-makers in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

FIGURE 9

Predictive Analytics Solves For Challenges With Assessing TAM And Drawing Insights From Data

"Please indicate the extent to which you agree or disagree with the following statement regarding your organization's current approach to marketing analytics."

■ Strongly agree ■ Somewhat agree **Agree**

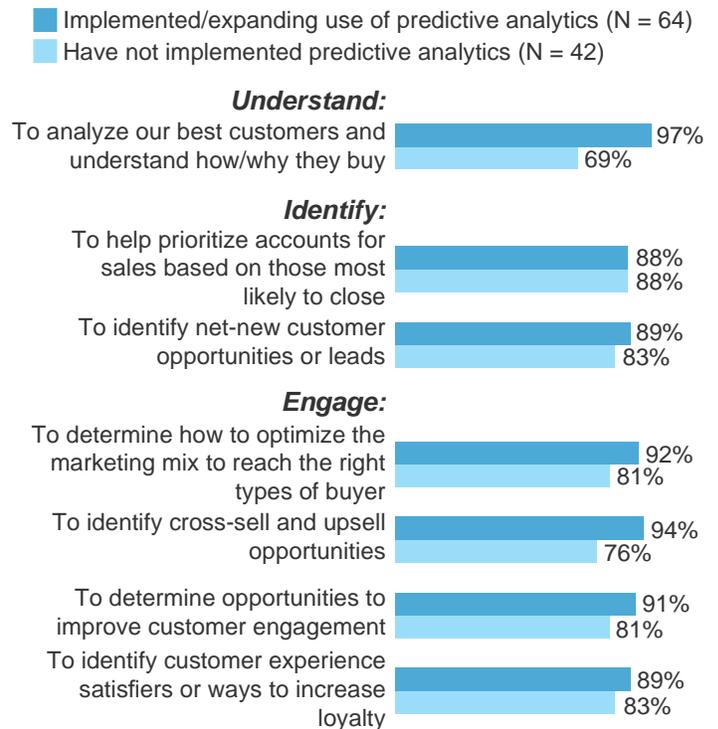| Statement	Strongly	Somewhat	Agree
Our problem is not lack of data, but being able to draw insight from that data	22%	45%	67%
We struggle to find effective ways to assess total available market or market potential for new markets we want to enter	33%	32%	65%
Predictive analytics helps us to quickly evaluate opportunities to enter new markets	49%	37%	86%
Insights from marketing analytics are primary drivers of our go-to-market strategies	37%	47%	84%
Predictive analytics have more strategic than operational applications for our organization	45%	34%	79%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

> **Predictive analytics helps B2B marketers improve lifelong engagement.** Both analytics users and nonusers agreed that predictive analytics helps them identify the best leads or pick out accounts more likely to close. In addition to seeing benefits in lead generation and prioritization, users also see immense value in using predictive analytics to create strategies around their best customers by applying these strategies across the customer life cycle. When it comes to understanding how and why customers buy, the vast majority (97%) of users see considerable or very high impact, while only 69% of nonusers expect the same. Users are also more likely to see engagement benefits, showing that predictive analytics has improved their ability to: 1) optimize the marketing mix to reach the right buyers; 2) identify cross-sell and upsell opportunities; 3) recognize new ways to improve customer engagement; and 4) increase loyalty and customer experiences (see Figure 10).

FIGURE 10

Predictive Analytics Helps Marketers Understand, Identify, And Engage Business Buyers

"How would you rate the impact/potential impact of using predictive analytics across the customer life cycle for the following?"
(Percentage considerable or very high impact)

■ Implemented/expanding use of predictive analytics (N = 64)
■ Have not implemented predictive analytics (N = 42)

Understand:
To analyze our best customers and understand how/why they buy — 97% / 69%

Identify:
To help prioritize accounts for sales based on those most likely to close — 88% / 88%
To identify net-new customer opportunities or leads — 89% / 83%

Engage:
To determine how to optimize the marketing mix to reach the right types of buyer — 92% / 81%
To identify cross-sell and upsell opportunities — 94% / 76%
To determine opportunities to improve customer engagement — 91% / 81%
To identify customer experience satisfiers or ways to increase loyalty — 89% / 83%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

Key Recommendations

As the interest in and use of predictive analytics continue to grow, B2B marketers are bullish about the potential that these approaches have in driving business growth. Yet the biggest benefits will come when marketers start to use predictive analytics simultaneously to target markets more efficiently, streamline pipeline conversion, retain customers, grow lifetime account value, and turn loyal customers into advocates. As a B2B marketing leader, the following steps will help you develop the practices and technology portfolio required to make analytics pay off in predicting desired business outcomes with a greater degree of accuracy:

› **Identify the strategic questions you need to answer to best impact your business.** Where is your business heading, and what are the unseen opportunities? Marketing leaders must determine which addressable markets are ideally suited for their current and planned products and services. Confer with your executive team about which strategic questions you need to answer to make sure you are best positioned to capture the market. Armed with these strategic questions, identify the key gaps in your data, analytics capabilities, and technologies preventing you from understanding which markets your company should address and take action against today. Use the discussion with your executive counterparts to prioritize technology investments you may need to make.

› **Determine which technical capabilities you may need to turn strategic questions into action.** In Forrester's recent global survey on data and analytics, we found most firms use only a fraction of their internal data.[3] Smart B2B marketers don't have to search far to find valuable data, but they do need the capability to turn their data into actionable insights that address those key business strategy questions. Work with your technology management team to harvest data lying dormant in operational systems, and use predictive analytics to reveal, for instance, how loyal customers differ from those who buy once and are never heard from again. Collaborate to develop a technology infrastructure to harness predictive insights continuously and to turn customer data into action. The more data available to your predictive marketing analytics, the more predictable the results will be.

› **Verify and validate the business strategy.** After identifying the right questions to ask and the tools to help you answer them, it's time to determine how to validate and pursue your strategy. Rather making than a formal hypothesis, start with a key business question — such as, "Which market represents the greatest addressable opportunity to us?" — and let predictive capabilities uncover the patterns in the data that answer the question. B2B CMOs should look beyond operational analysis around lead scoring and pipeline conversion, for example, and think more about overall company objectives in order to prioritize the list of customer-centric business questions to tackle using predictive analytic approaches.

› **Align resources with the opportunities you uncover.** Use the insights uncovered in your predictive modeling and analysis to allocate marketing resources — such as team members, time, and budgets — toward pursuing the best growth opportunities. Plan how to pursue those with the right combination of marketing and sales programs. Marketing's job here is to define where and how to embed the insights from predictive analytics into campaigns and programs that can help sales, product, or service peers better win, serve, and retain customers. Measure actual penetration and segment-by-segment outcomes to learn what works and improve continuously.

› **Use new insights to create an innovative prospective customer interaction.** Use predictive analytics to draw insights from the data gained through everyday execution — like patterns in customer keyword searches, web page visits, direct response to online ads, document downloads, and the common criteria that qualify a lead. Use these insights to personalize one early-stage marketing interaction and deliver something unexpected but particularly relevant to potential interested buyers who fit the predicted profile. By connecting the dots between predictive analytics and the ability to harness presales interest, you can show how understanding customers and targeting them by key patterns deliver better qualified leads and opportunities that convert faster.

FORRESTER®

Appendix A: Methodology

In this study, Forrester conducted an online survey of 106 marketers and four telephonic interviews with US companies in the financial services, software, advertising, and other industries (business supplies, insurance, HR, technology, telecommunications, and staffing/recruiting) to evaluate marketing analytics trends. Survey participants included marketing analytics decision-makers in marketing roles at the director level and higher, and interview respondents included decision-makers in roles at the VP level and higher. Questions provided to the participants focused on overall marketing analytics objectives and approaches, as well as interest, adoption, and benefits of predictive analytics. Survey respondents were recruited from an online panel, and interview respondents were recruited from a combination of a third-party recruiter (two interviews) and Radius' client list. Survey respondents were offered a small incentive as a thank you for time spent on the survey, and interview respondents recruited from the third-party list were offered $100 for their time. The study was completed in August 2015.

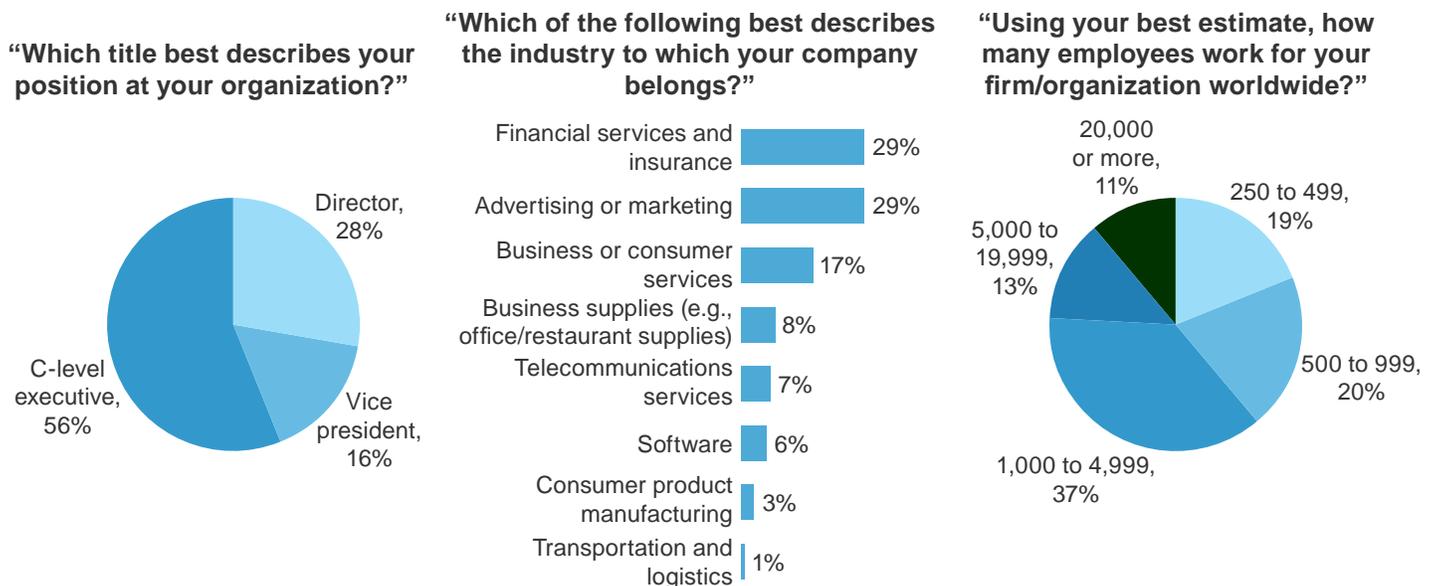# Appendix B: Supplemental Material

RELATED FORRESTER RESEARCH

"From Big Data To Actionable Insight: The Role Of Predictive Analytics In B2B Marketing," Forrester Research, Inc., June 15, 2015

"New Technologies Emerge To Help Unearth Buyer Insight From Mountains Of B2B Data," Forrester Research, Inc., July 13, 2015

Appendix C: Demographics/Data

FIGURE 11

Respondent And Company Details

"Which title best describes your position at your organization?"

- Director, 28%
- C-level executive, 56%
- Vice president, 16%

"Which of the following best describes the industry to which your company belongs?"

- Financial services and insurance — 29%
- Advertising or marketing — 29%
- Business or consumer services — 17%
- Business supplies (e.g., office/restaurant supplies) — 8%
- Telecommunications services — 7%
- Software — 6%
- Consumer product manufacturing — 3%
- Transportation and logistics — 1%

"Using your best estimate, how many employees work for your firm/organization worldwide?"

- 20,000 or more, 11%
- 250 to 499, 19%
- 500 to 999, 20%
- 1,000 to 4,999, 37%
- 5,000 to 19,999, 13%

Base: 106 B2B marketing analytics decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Radius, August 2015

FORRESTER®

Appendix D: Endnotes

[1] Source: "Information Strategies Move Center Stage," Forrester Research, Inc., March 20, 2015.

[2] Source: "Digital Insights Are The New Currency Of Business," Forrester Research, Inc., April 27, 2015.

[3] In 2015, Forrester surveyed more than 1,700 technology decision-makers and asked them to estimate the percentage of the total volume of company data that they use for activities like business intelligence and analytics. Results show that respondents only use between 28% and 40% of available structured, semistructured, or unstructured data available in current systems. Source: Global Business Technographics Data And Analytics Survey, 2015, Forrester Research, Inc.