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Investment Insights Report for 2024 Budget Planning

In partnership with:



The Power of Customers: Why B2B Marketing Organizations Continue to Invest in Current Customers to Drive Growth

This year has been a bit of a whirlwind. Amidst constant rumblings of market changes, rising inflation, unimaginable natural disasters and an ever-present near recession, the world keeps moving. In anticipation of the imminent 2024 planning season, Iron Horse surveyed 400 B2B marketing decision-makers to understand the most important outcomes they are trying to achieve with their next planned investment.

What emerged is a look at how high growth (252 respondents indicated that they grew annual revenue 11% to 40%) marketing organizations plan to continue that trajectory, largely by better balancing marketing's contribution across net new, retention, and upsell and cross-sell revenue streams.

Explore this ebook to discover what we learned from high growth B2B marketing organizations about:

What outcomes are driving their next planned investment

How focusing on your install base can drive growth

Which people, programs and technologies will have the highest impact on **efficiency, retention and expansion**

When companies can grow through their current customer base, that is a strong indicator of how your products/services are resonating in the market - making it that much easier to attract and convert net new buyers.

— **Uzair Dada, Chief Executive Officer, Iron Horse**

How should B2B marketers invest to grow in 2024?

Regardless of how we cut the data, the results were the same. B2B marketing leaders are prioritizing three outcomes with their next investment: efficiency, retention of current customers, and expansion within existing accounts.

Conversely, planned investments for net new logo acquisition never reached the top three. This doesn't mean organizations are turning away from new logo acquisition as a critical means for growth! Instead, our data indicates high growth B2B marketing organizations recognize that there is a need for better balance across revenue streams.

Improving efficiency should always be embedded into company growth plans, so why are B2B organizations that grew annual revenue 11% to 40% in the last year also investing in retention and expansion? Simple: They learned that (more often than not) the fastest, most profitable, and most frictionless way to achieve and continue steady growth was to start by focusing on current customers.

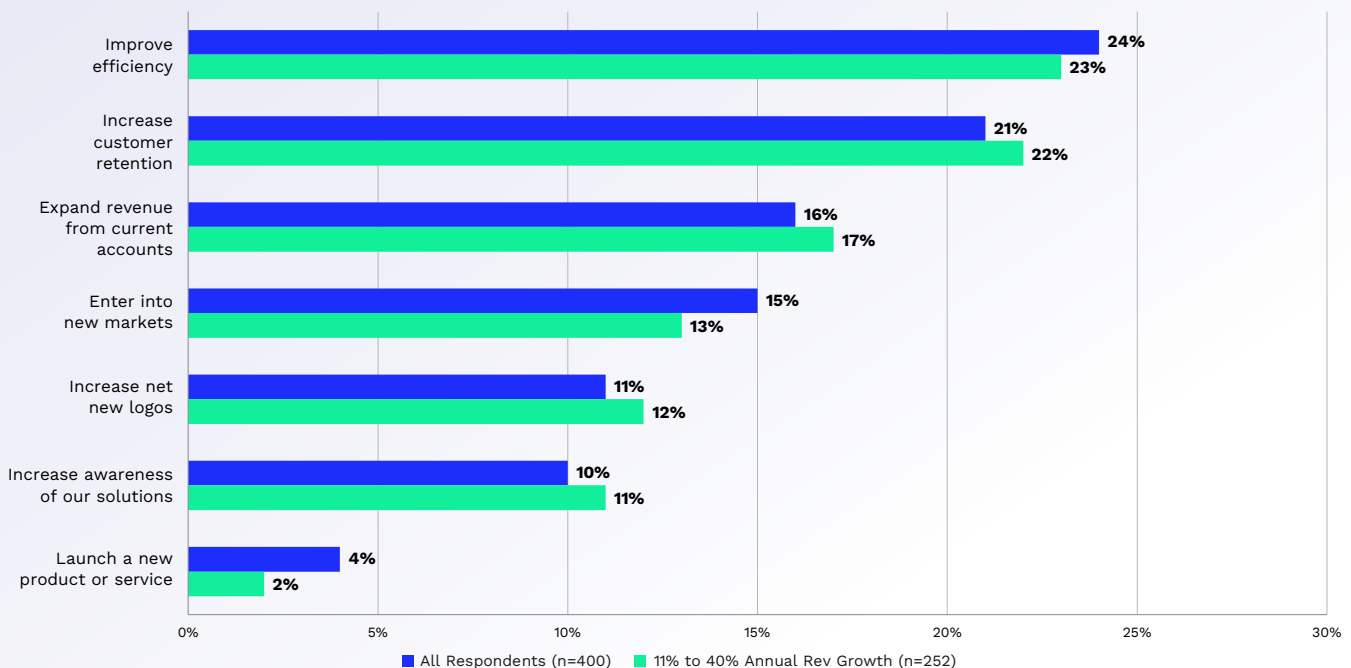
What Are High Growth Companies?

For our analysis, we focused on B2B marketing organizations that indicated their company

grew annual revenue

11%-40%

What is the most important outcome you are trying to achieve with your next planned investment?



Why focus on your **current customers** for efficiency, retention, **AND expansion?**

1

Just Some of the Direct Benefits

- A loyal customer base provides a stable foundation of recurring revenue.
- Costs associated with upsell and expansion business are lower than those associated with new logo acquisition.
- Increased likelihood of repeat purchases extends the lifetime value of each customer.
- Referral opportunities drive organic growth through word-of-mouth.
- Customer data can be used to create more effective marketing with better return on investment (ROI).

2

Just Some of the Indirect Benefits

- Familiarity with your company's products and processes shortens sales cycles.
- Customers who bought already trust your brand, so conversion rates are higher.
- Commitment to customer value can align with corporate social responsibility (CSR) efforts.
- When customers are happy, employee morale and satisfaction tend to improve.
- Customer support costs go down because existing customers are less likely to need extensive support.

*When efficiency-minded marketers are equipped with the powerful combination of **data** (i.e., first-party buyer-level intent, engagement, etc.), **reach** (in-market buyers who are already actively researching related topics) and **scale** (content across audiences and multiple digital channels)—it's a game changer.”*

— **David Fortino, Chief Strategy Officer, Netline**

Efficiency: Investing to Improve Marketing ROI

Optimizing efficiency should be embedded throughout every organization's growth plans. With today's overall economic climate, top-line growth shouldn't be an afterthought, so we weren't surprised to see efficiency emerge as the top outcome marketing organizations are looking to support with their next planned investment. Efforts toward improving efficiency include optimizing operations, processes, and resources to reduce costs, improve productivity, and enhance overall performance.

To ensure efficiency doesn't happen at the cost of growth, those efforts must be balanced with maintaining product/service quality and customer satisfaction.

Let's dive deeper into improving efficiency.

Where are high growth marketing organizations investing to improve efficiency in 2024?

The main reason businesses invest in improving efficiency is to increase profitability. Completing the same task with fewer resources or in less time—or completing more tasks within the same time frame or at a lower cost—leads to a higher ROI. For marketing organizations, a good place to start is with efforts to reduce the cost per lead (CPL) and cost per acquisition (CPA).

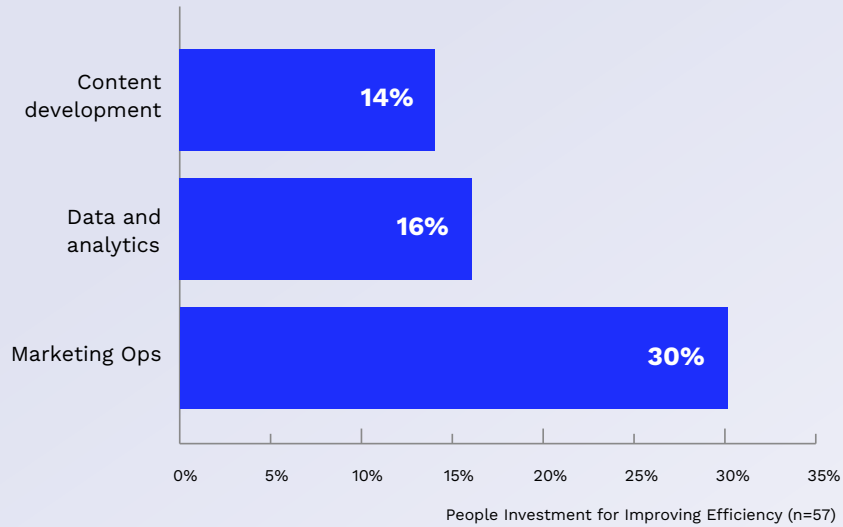
Improving efficiency was the **most important outcome** for B2B decision-makers' next planned investment.

This is true for the entire sample size of 400 respondents, and for companies that grew annual revenue by 11% to 40% (n=252).

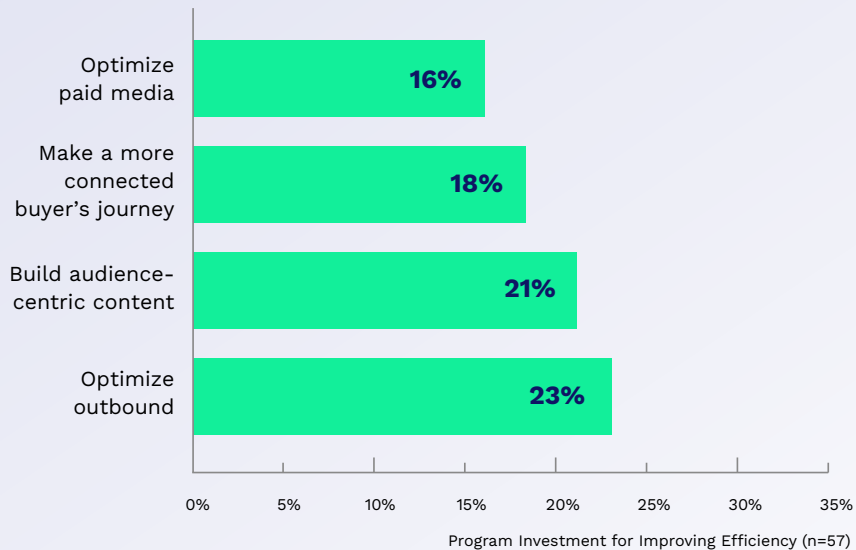
Here's how high growth B2B marketing organizations plan to invest in people, programs, and technology to improve **efficiency** in 2024:



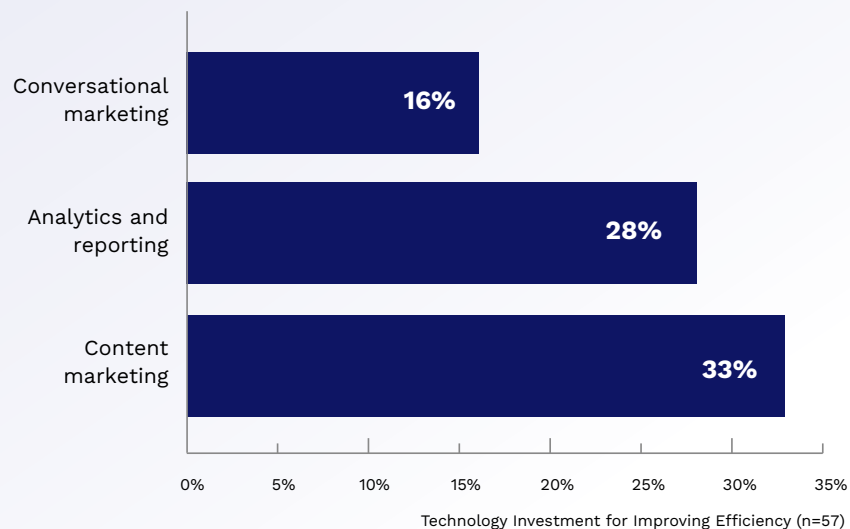
People



Programs



Technology



The B2B marketing formula for driving efficiency in 2024.

People: Marketing Operations (MOps) (30%)

There is no role better equipped to plan, coordinate, and refine B2B marketing performance than MOps. They have expertise in process optimization, technology utilization, and cross-functional collaboration, and are relentlessly focused on improving efficiency and effectiveness. Not only does MOps certify that efforts are well-executed, but they ensure those efforts align with company growth objectives.



High growth B2B marketing organizations focused on improving efficiency are

88% more likely to add MOps

than their second most important role of data and analytics.

Programs: Optimizing Outbound Marketing (23%)

By optimizing outbound programs, marketing organizations can more effectively track ROI, equipping MOps with the insights to redirect resources to net new, retention or expansion programs, whichever provides the optimal combination of conversion, velocity and CPA.



Technology: Content Marketing Platforms (33%)

Efficiency-focused respondents were **43% more likely to invest in content marketing tools** than those focused on other outcomes. Relevant, audience-centric content plays a key role in the self-serve buyer's journey; investing in tools that make it more efficient to deliver and track engagement with personalized content at scale is a sure-fire way to increase profitability.



What About Intent?

Only 7% of high growth companies chose intent monitoring as their top platform investment. Why?

Likely because they already have the tool and will continue to extract value by targeting prospects and customers with high purchase intent. This frees up resources to acquire and integrate the content marketing platforms that will allow them to efficiently track, optimize, and personalize engagement with those audiences.

Retention: Investing in Customer Relationships to Drive Predictable Growth

B2B marketing organizations that consistently deliver exceptional value and service are more equipped to cultivate deep, long-term relationships with their customers. Investing in retention strategies not only improves the bottom line through reduced churn but also drives revenue growth through repeat business, referrals, and expanded opportunities within existing accounts.

Let's dive deeper into increasing customer retention.

Where are high growth marketing organizations investing to increase customer retention in 2024?

By only a one percentage point difference, the second most important outcome that marketing leaders from high growth companies are investing toward is increasing customer retention. In fact, survey respondents who self-identified as Chief Marketing Officers (CMO) and responsible for all of marketing cited retention (21%) as the most important outcome for the next planned investment over efficiency (9%) and expansion (14%).

The primary reason for this is that long-term, predictable customer relationships contribute to overall business resilience by increasing revenue stability, cost-efficiency, higher customer lifetime value (CLV), advocacy, and competitive differentiation. Who doesn't want to be more resilient in today's economic climate?

Balancing retention efforts with net new business strategies is still essential for growth, but when organizations over-index on net new logos at the expense of retention it can have potentially negative long-term effects (particularly to your brand).

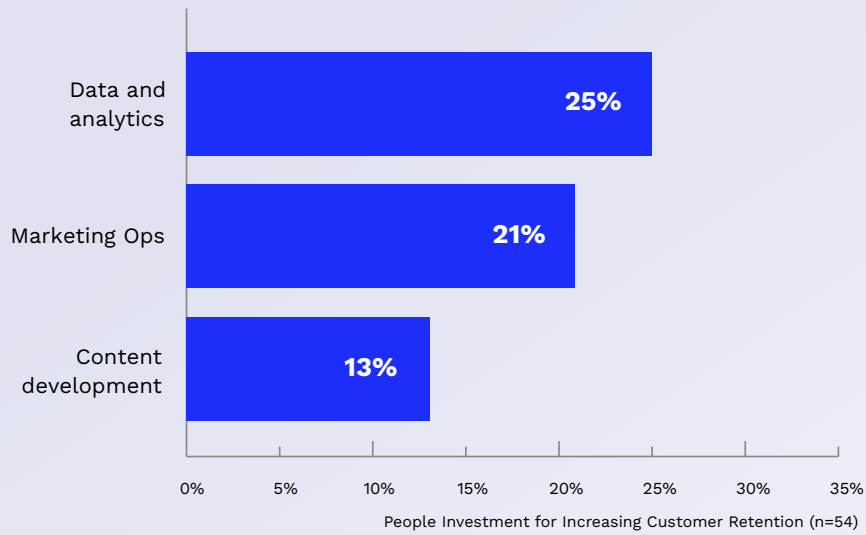
Calculating Customer Retention's Impact on Revenue



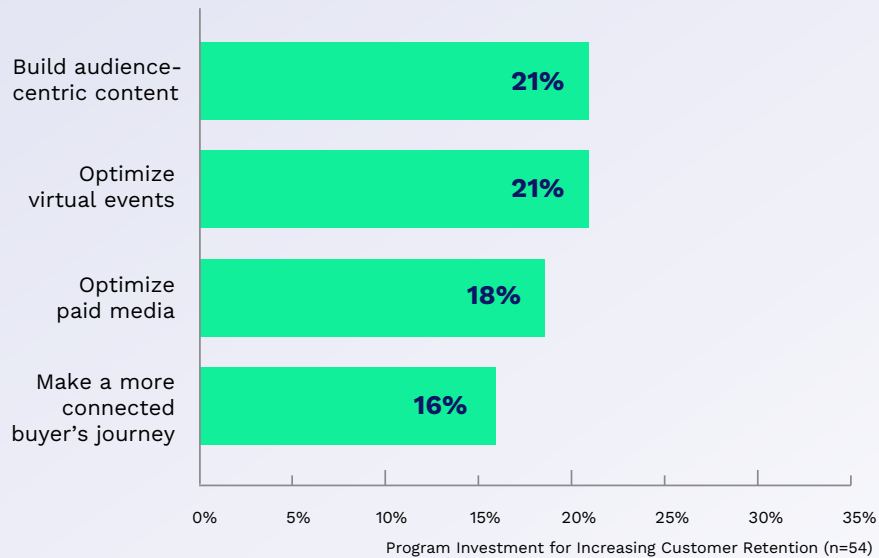
Here's a snapshot of how high growth marketing organizations plan to invest in people, programs, and technology to increase customer **retention** in 2024:



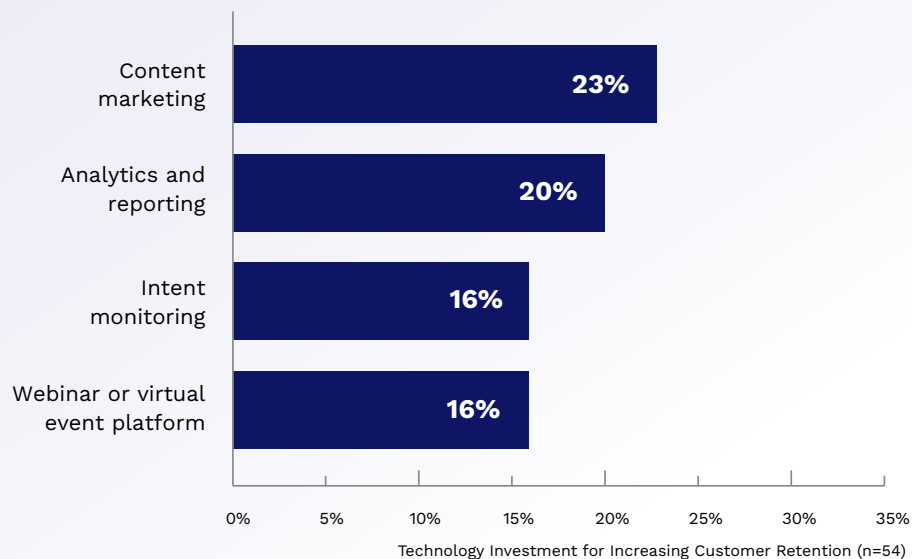
People



Programs



Technology



The B2B marketing formula for driving customer retention in 2024.

People: Data & Analytics (25%)

Having better data analysis, visualization, and reporting enables leadership to advocate for more informed, customer-centric, and effective retention strategies. In addition, a company culture that fosters evidence-based decisions allows for more innovation and agility when responding to ever-changing customer needs.



Programs: Optimizing Content (21%), Optimizing Virtual Event Experiences (21%)

Marketing leaders are looking to retain existing customers by creating more meaningful experiences for them. Content tailored to current customer's needs drives higher engagement, while virtual programs such as product demos and executive briefing centers (EBCs) offer excellent opportunities to gather customer feedback, conduct onboarding, and promote exclusive offers that increase loyalty.



Technology: Content Marketing Platforms (23%)

Retention-focused respondents' planned investments in content tools, programs and skills demonstrate a belief in the power of relevant, personalized content for not just helping new prospects understand how and why to buy products and services, but for customers to better engage and extract more value from them after purchase.



Only **16% of companies** focused on retention are likely to invest in webinar or virtual event platforms. This is likely because they already have these platforms and now plan to extract more value from them by designing retention programs.

Expansion: Investing in Driving More Revenue from Existing Accounts

Investing to drive expansion revenue from current accounts aligns with the notion that it is more profitable to nurture and grow existing customer relationships than to constantly seek new ones. Again, no one is saying that net new logo revenue isn't fundamental to growth. The key is optimizing the balance across the various revenue streams (including indirect/channel partner revenue if that's a supported route-to-market) and prioritizing long-term customer relationships over short-term gains.

Let's dive deeper into garnering expansion revenue from current accounts.

Where are high growth companies investing to drive expansion revenue from current accounts in 2024?

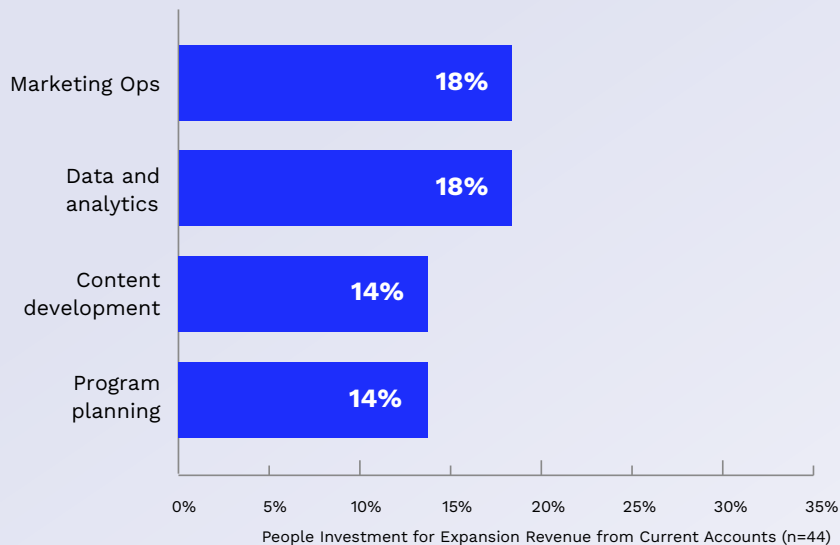
B2B buyers are more receptive to repeat purchases from a known and trusted vendor than going through the process of evaluating a new vendor. For B2B companies, expanding within a current account through upsell or cross-sell can significantly increase average deal size (ADS) and customer lifetime value (CLV). Of these, maximizing CLV is the most beneficial, as it accelerates revenue growth without the costs and longer sales cycles associated with acquiring net new logos. This leads to more sustainable ways to increase the company's top-line revenue, while managing costs and maintaining profitability.

Expansion-focused high growth marketing organizations were **64% more likely** to grow annual revenue **21%–40%** (vs. 11%–20%) than those investing to improve efficiency.

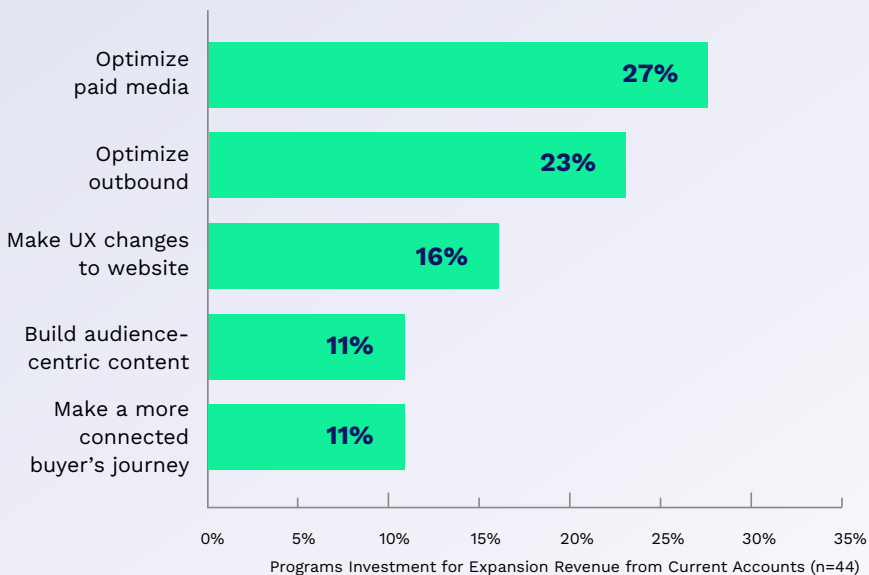
Here's how high growth companies plan to invest in people, programs, and technology for **expansion** revenue from current accounts in 2024:



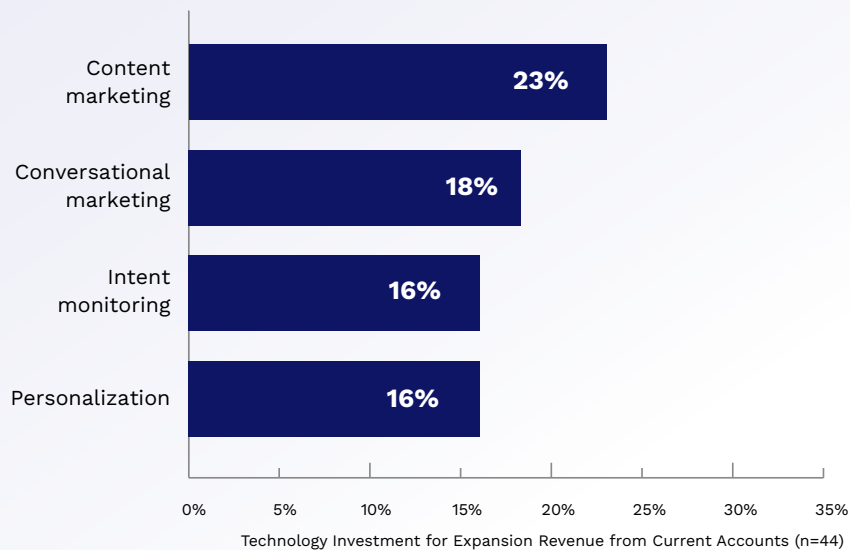
People



Programs



Technology



The B2B marketing formula for driving **expansion** from existing accounts in 2024.

People: Content Development (14%)

Like those focused on efficiency and retention, marketing organizations pursuing expansion are prioritizing investments in MOps and data and analytics roles (tied at 18%). They are also choosing to invest in content development roles—a powerful reminder of the role meaningful, content-led experiences play after the initial sale.



Programs: Optimizing Paid Media (27%)

Not all paid media programs need to center solely on net new business. Targeted display ads can drive awareness about your other solutions and even deliver exclusive offers (including seasonal promotions) that support expansion revenue goals. Content syndication can further enhance a cross-channel strategy to educate customers on how to get more out of their purchase.



According to Demandbase, **67% of customers** with a customer health score >50 interact with display ads.

Technology: Conversational Marketing (18%)

The second most common technology investment for expansion-focused marketing organizations (after content marketing platforms) was conversational marketing tools, such as chatbots. These tools make guided selling available 24/7/365, and often integrate with customer relationship management (CRM) systems—allowing companies to automate and streamline interactions with existing customers.



5 Steps for What to Do Next

Profitability—and growth—depend on the business’s ability to achieve the right allocation of revenue across net new, retention, and upsell and cross-sell opportunities. In the past, many organizations only tapped marketing for the net new portion of that business.

Our data clearly shows that this is changing. High growth marketing organizations’ investment priorities demonstrate an understanding of the power of marketing activities and channels—such as efficient, data-driven content marketing, virtual events, and paid media—to help drive revenue from existing accounts.

Whether your most important outcome with the next planned investment is efficiency, retention, or expansion, our data shows significant similarities in the people, programs and technology required to achieve all three of those outcomes. Why settle for just one when you can aim for all three?

5 Steps for B2B Marketers to Drive Top-Line Growth in 2024

If your organization is not looking to marketing to make a significant contribution to retention and upsell and cross-sell business, now is a good time to start.

- 1. Emulate B2B marketers at high growth companies.** Remove the guesswork and use the strategies identified in this report to inform your own priorities.
- 2. Embrace marketing as a key partner in top-line growth.** Encourage a one-team mindset where marketing, sales, product and customer success work together toward clearly defined growth goals.
- 3. Strategically add MOps and data & analytics roles.** Understand the primary way your company plans to grow, and invest in people who can establish the infrastructure, processes and KPIs to manage those goals
- 4. Expand your idea of ICP.** Update/create an ideal customer profile (ICP) for current customers and invest in programs that optimize the journey for them.
- 5. Invest in optimizing content marketing.** When acquiring or optimizing a content marketing platform, make sure that technology integrates well with your tech stack to support omnichannel campaigns.

Data and methodology

To compile this report, the Enterprise Growth Alliance reviewed data from Iron Horse's 2023 Marketing Investment Survey.

Q. What is the most important outcome you are trying to achieve with your next planned investment?

| | Efficiency (n=57) | Retention (n=56) | Expansion (n=44) |
|------------------------------|--|---|---|
| Annual revenue growth | 11% to 40% growth = 100% | | |
| Geography | United States = 100% | | |
| Department | Marketing = 100% | | |
| Company Revenue | >\$1 billion = 61% <\$1 billion = 39% | >\$1 billion = 46% <\$1 billion = 54% | >\$1 billion = 52% <\$1 billion = 48% |
| Industry | High tech = 37% FinServ = 32% Professional services = 32% | High tech = 50% FinServ = 27% Professional services = 23% | High tech = 61% FinServ = 18% Professional services = 20% |
| Seniority | CMO = 9% EVP = 5% SVP = 5% VP = 54% Sr Director = 26% | CMO = 21% EVP = 5% SVP = 9% VP = 41% Sr Director = 23% | CMO = 14% EVP = 5% SVP = 5% VP = 50% Sr Director = 27% |
| People | Marketing ops (30%) Data and analytics (16%) Content development (14%) | Data and analytics (25%) Marketing ops (21%) Content development (13%) | Marketing ops (18%) Data and analytics (18%) Content development (14%) Program planning (14%) |
| Demand/ABM Programs | Optimize outbound (23%) Build audience-centric content (21%) Make a more connected buyer's journey (18%) Optimize paid media (16%) | Build audience-centric content (21%) Optimize virtual events (21%) Optimize paid media (18%) Make a more connected buyer's journey (16%) | Optimize paid media (27%) Optimize outbound (23%) Make UX change to website (16%) Build audience-centric content (11%) Make a more connected buyer's journey (11%) |
| Technology | Content marketing (33%) Analytics and reporting (28%) Conversational marketing (16%) Intent monitoring (7%) | Content marketing (23%) Analytics and reporting (20%) Intent monitoring (16%) Webinar or virtual event platform (16%) | Content marketing (23%) Conversational marketing (18%) Intent monitoring (16%) Personalization (16%) |

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The Enterprise Growth Alliance brings together best-of-breed martech and saletech partners to define what it means to be fully integrated and have open and honest conversations about how to best use your technology. We are a thought leadership community that aims to break down silos and focus on outcomes to help B2B marketers and salespeople see what success looks like and then go after it.

Visit us at www.enterprisegrowthalliance.com to learn more about EGA, get to know our partners, and access our latest B2B sales and marketing thought leadership content and best practices.



About Iron Horse

Iron Horse is a growth marketing agency focused on enterprise and emerging growth companies. We combine audience research, strategic consulting, and martech strategy to help you design and execute scalable integrated marketing programs that deliver the outcomes you want. For more information about Iron Horse, visit www.ironhorse.io.



About NetLine

NetLine empowers B2B marketers to scale revenue, operating the only buyer-level intent platform, INTENTIVE, as well as the largest B2B content-centric lead generation platform to deliver unparalleled buyer-level intent data and lead generation capabilities. Successful B2B Marketers Start Here: www.netline.com.



About Demandbase

Demandbase is Smarter GTM™ for B2B brands. We help marketing and sales teams spot the juiciest opportunities earlier and progress them faster by injecting Account Intelligence into every step of the buyer journey and orchestrating every action. For more information about Demandbase, visit www.demandbase.com.