



B2B



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BECOMES A

REALITY

OUTLOOK 2017

Summary of Findings



B2B ADOPTION OF PROGRAMMATIC ADVERTISING IS AT A TIPPING POINT

65 percent of B2B marketers indicated they currently buy or sell advertising programmatically. This is an upturn from 54 percent a year ago.



B2B PROGRAMMATIC SPEND WILL GROW SIGNIFICANTLY IN 2017

Nearly 70 percent of B2B marketers said they plan to increase their spending on programmatic, with 22 percent saying they will increase it by more than 25 percent. Just three percent anticipated spending less.



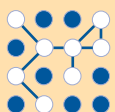
TARGETING IS THE NUMBER-ONE CHALLENGE B2B MARKETERS SEE FOR PROGRAMMATIC

Asked to identify their top obstacles, 42 percent of B2B marketers cited targeting the right audience. Other high-running challenges were around measurement and metrics (34 percent) and lack of knowledge (29 percent).



SALES-RELATED METRICS ARE USED TO GAUGE SUCCESS

Conversions and leads were two of the most important programmatic KPIs identified by B2B marketers. But many still appeared to be using metrics (such as website traffic) which don't directly relate back to bottom-line results.



ALONG WITH PROGRAMMATIC, B2B MARKETERS ARE ADOPTING MORE DATA-DRIVEN TACTICS

More than 40 percent of B2B marketers are already using a data management platform (DMP) to analyze customer data. They're putting that analysis to good use: More than 70 percent are using or plan to use key data-driven tactics such as look-alike, cross-channel and cross-device targeting.

Methodology

The information in this report is based on the results of a survey of B2B marketers and their agencies conducted by Adweek BrandShare on behalf of Dun & Bradstreet in September 2016. All 221 respondents were involved in B2B marketing and had a job title of manager or above. All respondents were located in the U.S.

The State of B2B Programmatic

There's little doubt that programmatic technology has changed the way marketers identify and target their campaigns. The ability to pair rich customer data with ad inventory, along with the capacity to target efficiently and at scale, has made it the de facto standard for digital media buys across a wide range of channels and formats.

According to the most recent eMarketer forecasts, overall programmatic ad spending in the U.S. will top \$22 billion in 2016, and jump to more than \$27 billion in 2017. About two out of every three dollars spent on

digital display in the U.S. will be placed through programmatic channels.

Still, the B2B sector has been slower than others to go all in on the programmatic revolution. The reticence may be less a matter of technophobia than an acknowledgment of the complexities of B2B marketing. It's one thing to use digital display ads to drive an impulse buy of a pair of \$80 jeans. It's quite another to use that tactic to sell a \$300,000 piece of equipment to a commercial buyer—simply because the purchase is likely to require sign-off from several corporate executives,

resulting in a long sales cycle.

To gain a deeper understanding of how B2B brands are approaching programmatic ad buying, Adweek BrandShare, on behalf of Dun & Bradstreet, conducted a comprehensive survey of B2B brand marketers and agencies in September 2016. The goal was to see whether B2B marketers were adopting the programmatic tactics now common in B2C campaigns, and also to see how they approach and use data in their marketing. It follows up on a similar study conducted by Dun & Bradstreet a year ago.



The Tipping Point for B2B Programmatic

The past year has been a defining moment for B2B's adoption of programmatic ad buying. B2B companies have become more knowledgeable about programmatic as data-driven targeting has moved into the marketing mainstream. At the same time, programmatic tools are now more capable of delivering the kinds of lead-generation and content-focused campaigns that are essential to B2B success.

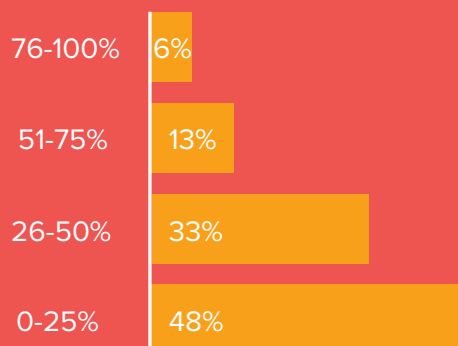
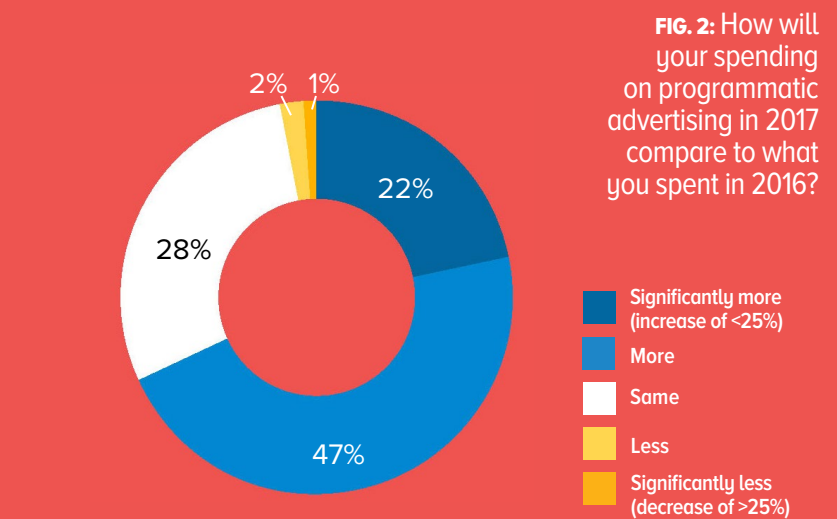
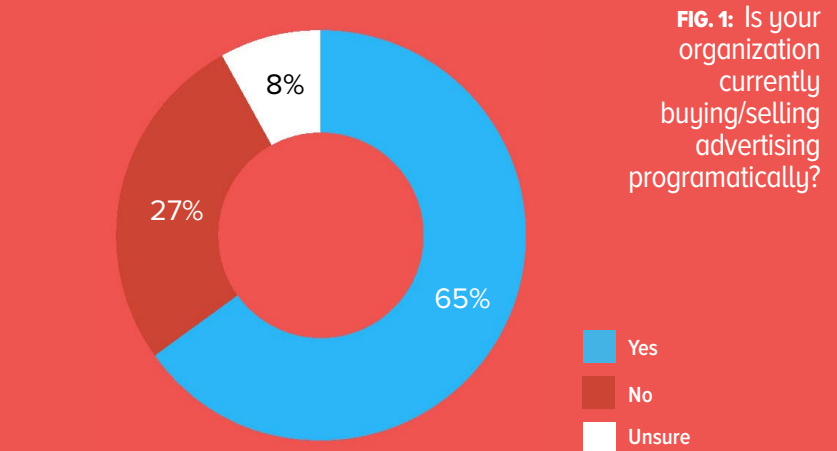
Indeed, almost two-thirds of B2B marketers in the survey said their organizations were currently using programmatic (Fig. 1). That was an increase of more than 10 percentage points over Dun & Bradstreet's prior survey, in which 54 percent said their companies were buying ads programmatically.

"In the last year to 18 months, there's been a shift with B2B companies doing more programmatic media buying," says Ashu Garg, general partner at Foundation Capital, a venture capital firm that has invested in a range of ad tech firms including TubeMogul. "What's behind the change is the greater ability to connect anonymous data with PII (personally identifiable information) data. Secondly is the ability to get much more precise targeting from niche segments and audiences across platforms, whether that be social, display or video platforms.

"I think in 2017 we will see a step change in the use of programmatic media buying by B2B companies," he adds.

In fact, survey respondents said they plan to significantly increase their programmatic media spend in 2017. Of the nearly 70 percent that indicated they plan to spend more on programmatic ads, 22 percent said they will increase their budgets by more than 25 percent. On the flip side, less than three percent said they plan to spend less on programmatic (Fig. 2).

But while spend is increasing, it is not yet at the levels of B2C, where almost 70 percent of digital media spend will be programmatic, per eMarketer. The vast majority of B2B respondents plan to earmark less than half of their 2017 media spend to programmatic (Fig. 3).



To increase that media spend, B2B marketers may need to become more familiar with programmatic buying. That's been the experience at the American Marketing Association, which recently started selling media via programmatic channels through a partnership with YourMembership. The alliance allows advertisers to reach AMA members both on the association's website and elsewhere on the web using an impression-based ad model.

"I think there's still quite a bit of confusion," says Barbara Grobicki, the AMA's chief alliance officer. "I'm not sure everybody really understands it. The larger [advertisers] are more familiar with programmatic, but there are still people who, when we bring it up to them, their reaction is, like 'what?'"

"We're trying to reinforce the education of our advertisers that this is something that works," she explains, noting that it requires understanding how impression-based ad buys work best. "You have to target the ads in a different way. You can't just put up banner ads that lead to your website."

While there are many B2B marketers

who understand the ins and outs of programmatic, there are others who still question whether it is right for their strategies. In the survey, respondents were asked to rate their agreement with a range of statements about programmatic advertising. Interestingly, most disagreed that they didn't have a clear idea of what programmatic ad buying is, and they also disagreed that programmatic doesn't work well for their marketing goals (Fig. 4). At the same time, they were split on whether programmatic's impression-based model aligned with their cost-per-lead strategies and whether programmatic's scale was too large for highly specific B2B targeting.

But marketers have still found that, in many cases, programmatic is a more cost-effective option than traditional media buying, where wasted impressions can drive up the overall cost of a campaign.

At Panasonic, an early adopter of programmatic for B2B sales of its Toughbook ruggedized laptops, data-driven tools have given them a more cost-effective way to reach potential

customers. "Programmatic advertising allows us to reach our niche markets cost effectively," explains Stephen Yeo, marketing director of Panasonic System Communications Europe. "We do behavioral and contextual targeting using a rules-based engine that bids in real time on various advertising networks."

Building In-House Talent

As programmatic buying becomes more common, B2B organizations will need to increase their in-house capabilities, bringing in marketers with more experience in buying and managing data-driven campaigns. While many organizations depend on their agencies to handle programmatic, a sizable percentage of survey respondents noted that they were increasing in-house capabilities. Nearly half (49 percent) said they had done so in the past 12 months, while a similar number (46 percent) said they planned to do so in 2017.

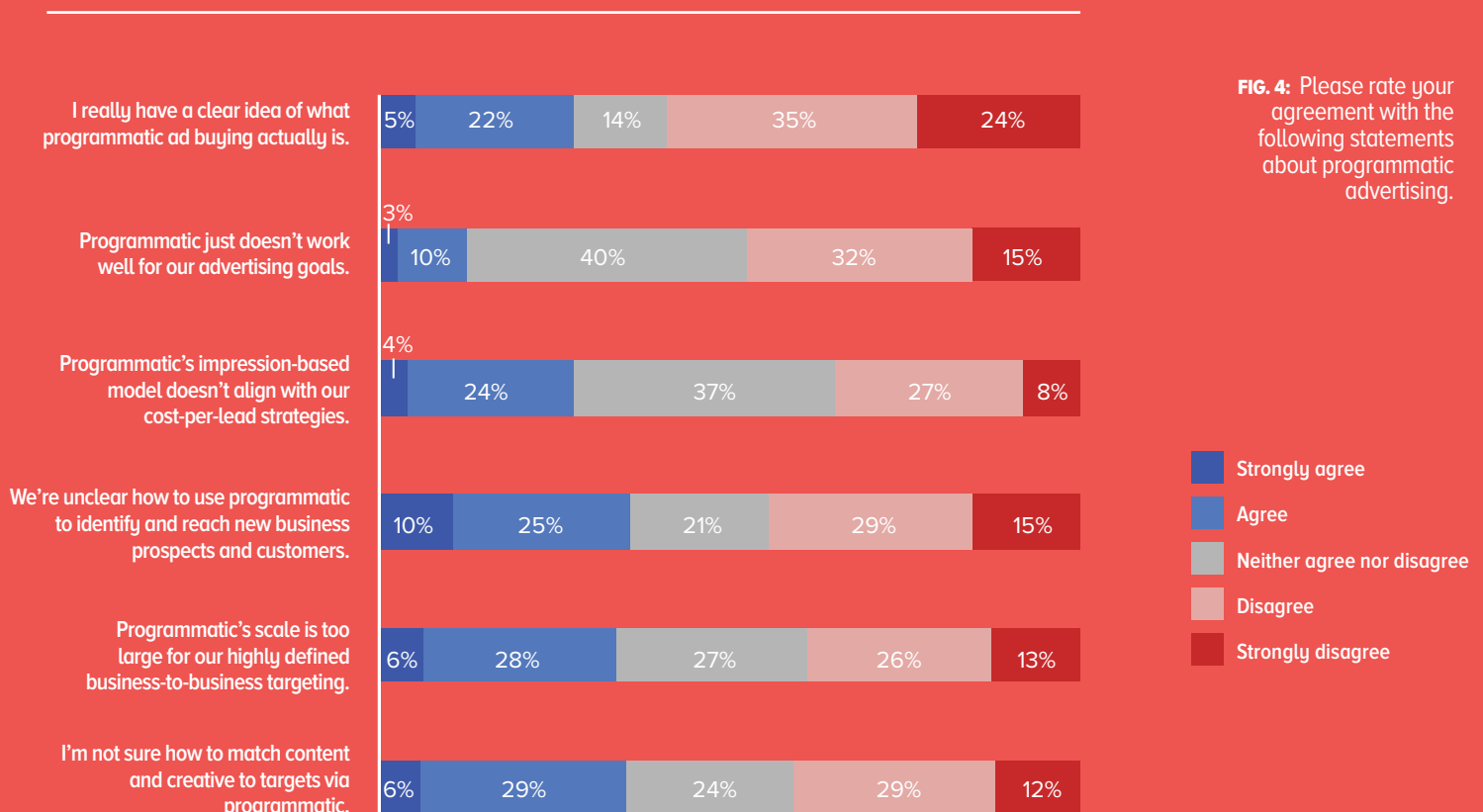


FIG. 4: Please rate your agreement with the following statements about programmatic advertising.



The Targeting Challenge

The unique aspects of B2B marketing have certainly been one of the inhibitors to the use of programmatic ad buying. B2B marketing is typically focused on driving leads, then educating and nurturing each prospect appropriately at every stage of an often complex and time-consuming sales cycle. Moreover, closing a B2B deal often requires some kind of direct sales engagement.

It can be a challenge to connect account-based sales needs with broader digital marketing campaigns to reach those targets. In addition, B2B marketers require data sources that not only identify decision makers within the right companies, but also reach those individuals across devices at scale. The ability to align this kind of granular data with account-based filters is one thing that could help drive B2B programmatic adoption.

“B2B marketers inhabit the world

of owned and earned media, like email and their website,” explains Joanna O’Connell, CMO of ad tech provider MediaMath. “The reality is that the B2B sales cycle often involves many players—not just an executive, such as a media director—as key decision makers in marketing decisions and expenditures.”

Indeed, asked to identify the biggest challenges their companies faced in

executing programmatic ad campaigns, B2B marketers put targeting the right audience at the top of the list, cited by 42 percent of survey respondents (Fig. 5).

But the increased adoption of programmatic also points to the increased availability of broader and more diversified data sets that meet the needs of B2B marketers. It’s not simply identifying professionals based on their job titles, but also identifying

It’s Facebook’s World

While there are some marketers who still question whether social media is an effective tool for B2B, most organizations maintain some kind of social presence. Unsurprisingly, survey respondents indicated that their organic (unpaid) social focuses primarily around three sites—LinkedIn (76 percent), Twitter (75 percent) and Facebook (74 percent). But when it comes to paid targeting, Facebook was by far the top channel—63 percent were buying Facebook targeting, compared to just 39 percent for LinkedIn and 36 percent for Twitter.

their work roles and career interests via channels that might not necessarily appear to be business-focused. Creating those broader data sets has taken time.

According to David Johnson, director of product marketing at Oracle Marketing Cloud, the convergence of ad tech and data has finally come into place for B2B marketers, giving them media options beyond traditional trade outlets. “I can actually now target a B2B buyer on The New York Times, if I want, or on Facebook or wherever,” he says. “With the sophistication of ad tech and the depth of the profiles that we have, marketers need to start reaching out there and putting themselves into that B2C space because there’s nothing wrong with that. When I take a lunch break, I’m going to browse the Internet and my personal stuff and there’s nothing wrong with me seeing something that’s relevant to my industry or my job.”

That kind of broader targeting also brings with it additional challenges—particularly in terms of campaign measurement. The longer, more complex B2B sales cycle requires organizations to track the impact of their ads throughout the complete marketing funnel. But, as the survey notes, measurement and metrics are the number two programmatic challenge identified by B2B marketers.

The survey also asked marketers to identify the primary KPIs they’re using to gauge the effectiveness of their programmatic campaigns. Most mirrored the priorities of B2B marketing in general—conversions, leads and even engagement (Fig. 6). But a number of respondents also use impression-level metrics (such as web traffic) which show how many people come to your site, but don’t tell you whether they’re the right people or if they convert.

“Most B2B marketers are looking for conversions,” points out MediaMath’s O’Connell. “But it’s important to keep in mind that programmatic marketing for any marketer should be optimized for outcomes, rather than against proxies for success like ‘clicked on link’ or ‘opened the email.’ A B2B marketer’s messaging strategy should be well thought-out and goal-oriented.”

Garg of Foundation Capital concurs: “The key criteria for a B2B marketer is the cost of a marketing-qualified lead and the conversion of their marketing-qualified leads into actual orders or customers.”

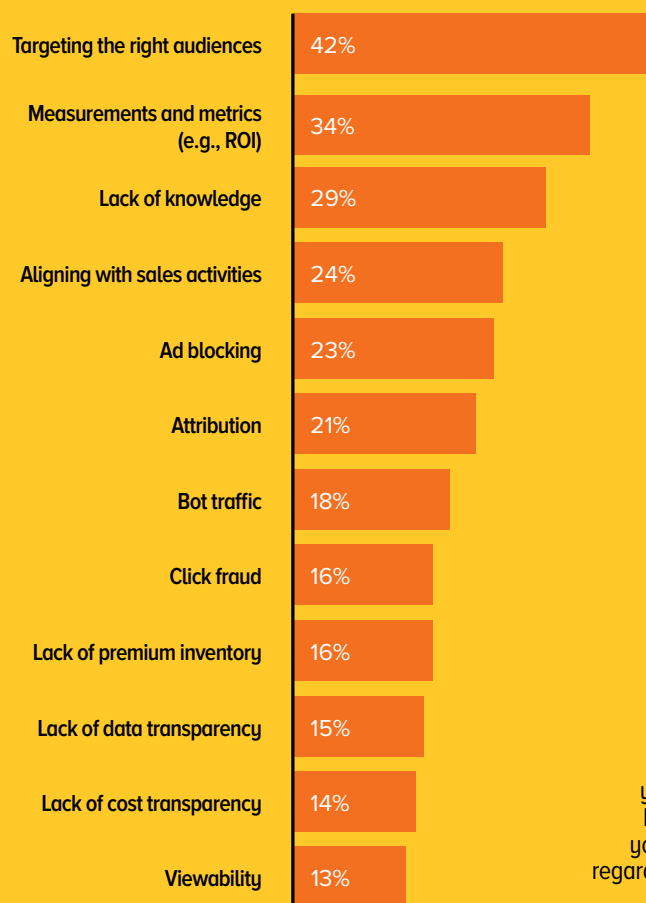


FIG. 5: What do you believe are the biggest challenges your company faces regarding programmatic advertising?

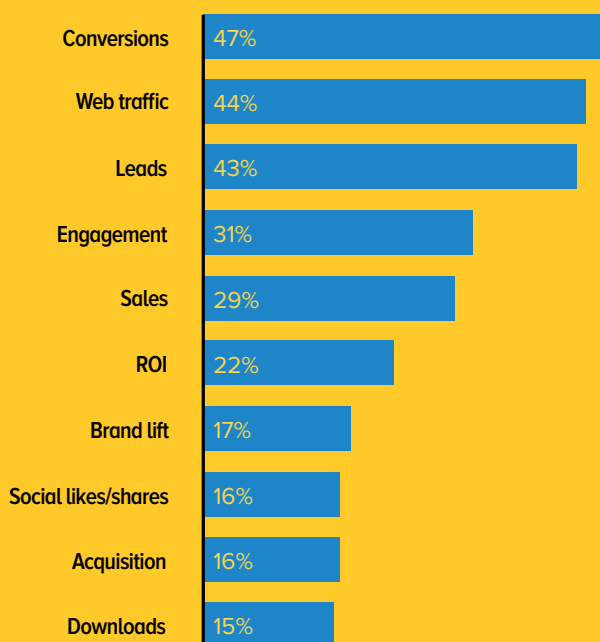
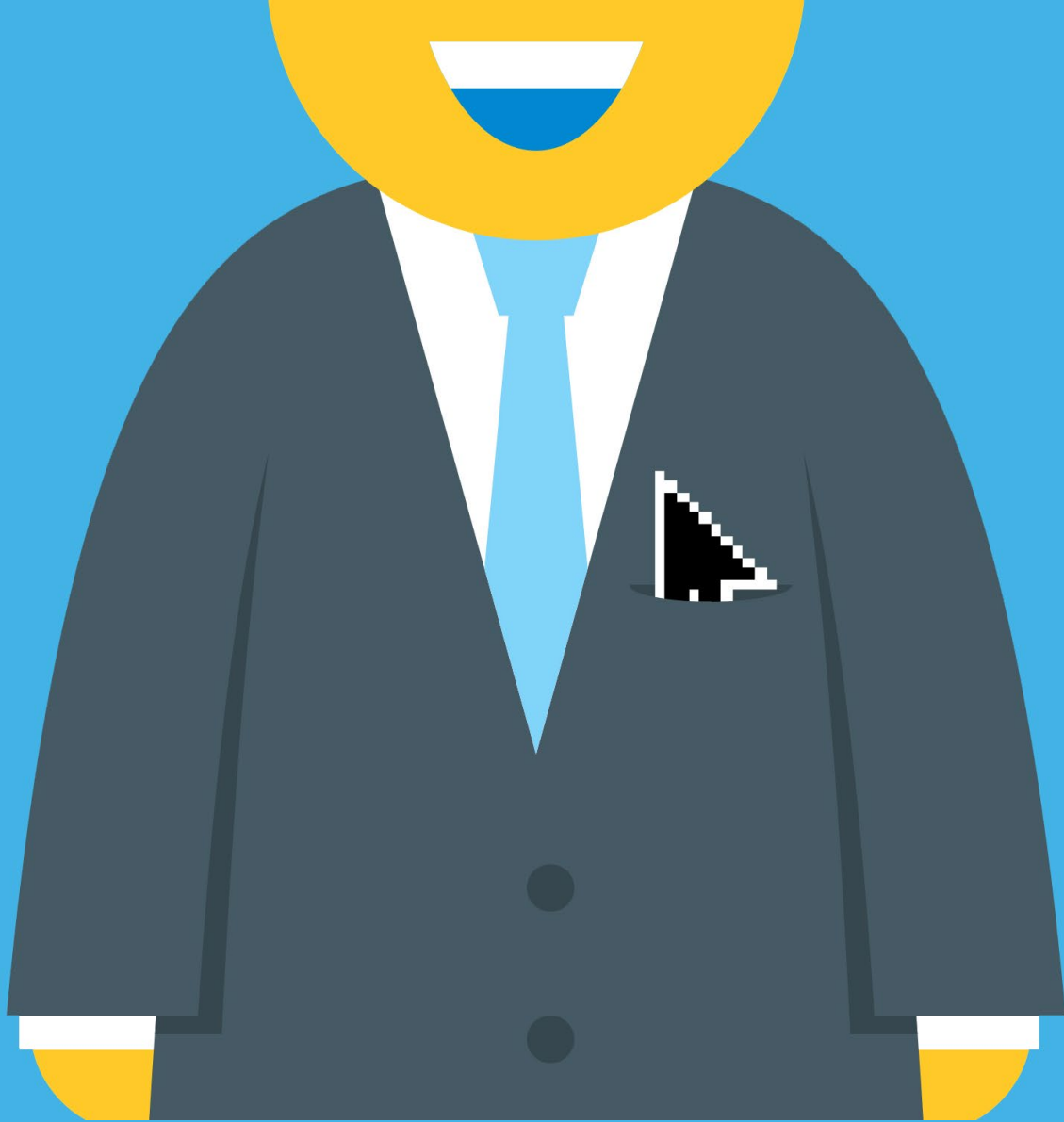


FIG. 6: What are the primary metrics (KPIs) your company is using to measure the effectiveness of its programmatic advertising campaigns?



Diving Into Data

As data becomes a key differentiator for B2B marketing organizations, the use of technologies that can manage and analyze the torrents of customer and prospect information a company has are becoming more crucial. For B2B marketers, this often means using CRM data and other first-party information in conjunction with third-party data to track customer behavior, segment audiences and identify digital targets that match the profile of their brand's best and most valuable customers.

In the survey, 41 percent of B2B marketers said their companies were

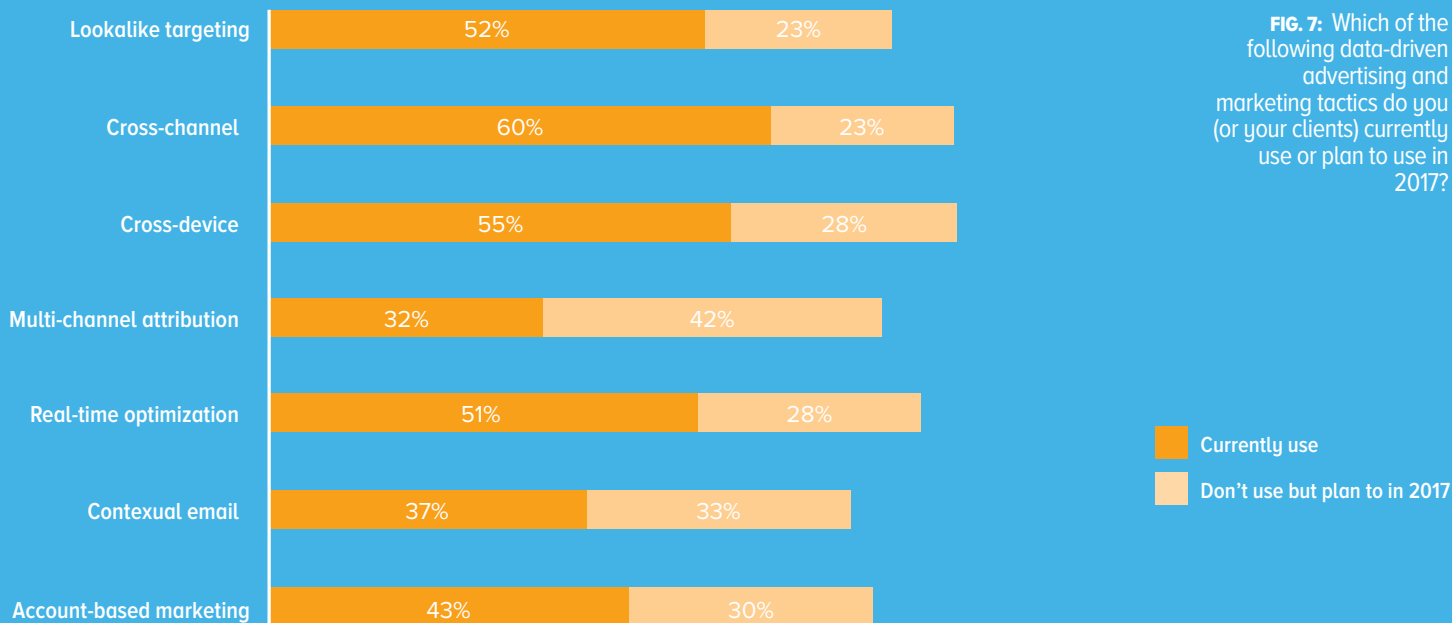
currently using a DMP to organize and analyze customer data. Another 13 percent indicated they planned to implement a DMP in 2017.

"We have better access to the data, but we're also getting better at understanding that someone is using a work computer or mobile device," points out Peter Kluge, product marketing manager for Adobe programmatic and display advertising. "You can actually track a user who saw an ad through to a conversion. But it also makes it more challenging because you really have to evaluate which devices they are using

and how to attribute revenue correctly to conversions across devices that they saw an ad on."

In fact, a high percentage of B2B marketers said their companies were using or planned to use data-driven tactics such as cross-device targeting and attribution, cross-channel marketing and look-alike targeting (Fig. 7).

As Johnson of Oracle Marketing Cloud notes, "Once you get your programmatic tied into your known users, then you can really start to more easily attribute."



B2B's Programmatic Future

Without a doubt, B2B marketers are embracing and adopting programmatic, allowing them to take advantage of the technology's scale and efficiency—something B2C marketers have been doing for years.

But that doesn't mean that B2B organizations feel that the ad tech industry understands their unique needs.

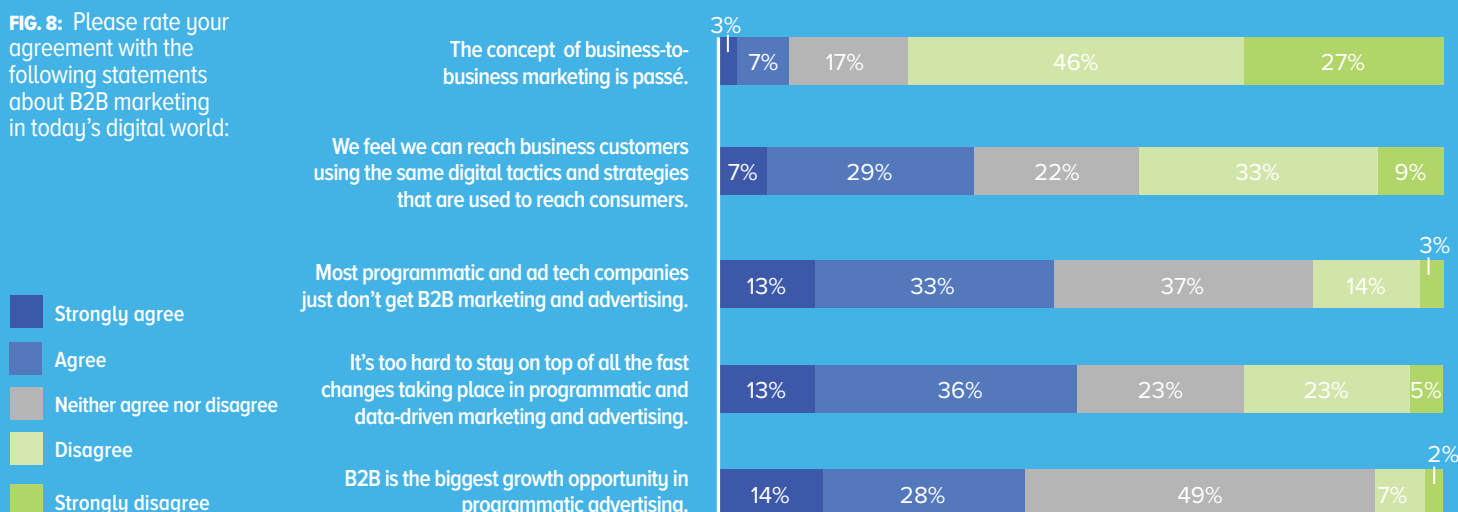
In fact, in the survey, nearly half

(46 percent) of B2B marketers said that programmatic and ad tech companies didn't "get" B2B marketing and advertising. A similar number (49 percent) said that it's too hard to stay on top of the latest developments in ad tech and programmatic. At the same time, they see B2B as the biggest growth opportunity for programmatic

advertising. But to leverage this opportunity, they may need to be more aligned with the needs of B2B media buyers (Fig. 8).

So what are your next steps? Turn the page for a few guidelines based on the survey findings.

FIG. 8: Please rate your agreement with the following statements about B2B marketing in today's digital world:



Key Takeaways



EXPAND YOUR CAPABILITIES

Don't leave your programmatic strategy solely to your digital agency. B2B companies are enhancing their in-house capabilities not only to understand auction-based buys, but also to be able to track those results and adjust their campaigns in real time.



MESH CREATIVE AND CONTENT

In interviews, several executives pointed out the need to develop B2B digital campaigns that are more creative and less matter-of-fact ways to get their programmatic display ads noticed. As important is ensuring that content served to those engaging with the ad is compelling and relevant.



USE IMPACTFUL METRICS

To gauge the true results of your programmatic campaign, make sure you're measuring the right KPIs. Get beyond web traffic, clickthroughs or social shares to focus more on outcomes such as lead volume, lead quality, conversions and, of course, revenue.



EXPLORE NEW METHODS OF DATA-DRIVEN TARGETING

DMPs and marketing clouds can deliver the kinds of data-driven insights that can enhance your ability to reach qualified leads. Look for ways to augment your CRM data (what you already know about your customers) with reliable, accurate third-party data to create actionable insights for your campaign.

The Bottom Line

B2B marketers understand programmatic and its role as part of their overall marketing strategy. They're willing and able to use data-driven targeting to better deliver their messages and to nurture their customers and prospects throughout their complex sales cycle with greater cost efficiency. Programmatic isn't just about ad tech's promise. It's the way business needs to be done now and into the future.

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