THE CHALLENGES OF DEMAND GENERATION IN 2023:

4 METHODS TO DRIVE GROWTH

By **Dan Freeman**, CRO
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SVP of Global Demand Generation

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Most B2B professionals were less than satisfied with their reports as Q1 2023 closed. However, when analyzing the quarter from a broad perspective—considering the global macroeconomy and the evolution of the demand generation space—what lessons can be learned for driving performance in the remainder of the year?

This piece provides insight into the contributing factors influencing the build-up to Q1 2023 in the prior year, as well as what your business should prioritize to drive growth and performance in the upcoming quarters.

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The build-up to a slow Q1 in 2023

Shaky environment: 5% revenue decline among the top 18 tech vendors in Q4 2022

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Q1 2023 started with a feeling of uncertainty in the B2B industry, mostly due to events that happened n the last couple of quarters of 2022.

The first two quarters of 2022 were strong, with companies still fueled by high levels of venture capital funding to action their go-to-market strategies after two years of pandemic slowdown. However, this momentum decreased after Q3 with layoffs and banks across EMEA and the Federal Reserve in the U.S. increasing their interest rates.

According to investment manager **Schroders**, the U.S. was already in a "technical recession" at this point with the GDP falling by -0.6% on a year-on-year basis in Q3. In EMEA, **the Euro reached a 20-year low against the U.S. dollar**, also signaling a weakening economy in the region.

> *"I see Q1 2023 as a continued transformation of Q4 2022."*
>
> — *Andrew Sambrook, SVP of Global Demand Generation*

This loss of momentum was still felt in Q1 2023, with ongoing layoffs in tech businesses across the globe. The bank failures (see below) increased the **risk of recession**, furthering uncertainty in the market and the likelihood of businesses investing in demand generation strategies.

Therefore, the Q1 slowdown in 2023 is mostly the aftermath of an already sluggish economy in the last two quarters of 2022.

Q1 2023 across the world

Analyzing the macroeconomy across regions in Q1 can provide insights into what to expect in demand generation and the B2B sector throughout the rest of 2023.

North and Latin America (NAM & LATAM)

Highest interest rate since 2007 in the U.S.

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U.S.

- The Federal Reserve (Fed) raised rates twice
- Bank failures caused stock dips in March, but recovered higher at the end of Q1

Source: **Schroders**

LATAM

- The Economic Climate Index (ECI) for Latin America climbed 6.9 points between Q4 2022 and Q1 2023
- Forecasts show unfavorable performance in the region, with most GDP growth rates below 3%

Source: **Brazilian Institute of Economics (IBRE)**

Europe, the Middle East, and Africa (EMEA)

Germany slows down and the UK faces unexpected inflation

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Eurozone and the UK

- The European Central Bank raised interest rates twice
- Eurozone shares increased despite banking volatility
- UK equities rose in Q1
- Bank of England forecast a recession in the country later in 2023

Source: **Schroders**

Middle East and Africa

- Gulf Cooperation Council (GCC) countries—which include the United Arab Emirates, Saudi Arabia, and other Gulf nations—entered 2023 on a "solid note"
- Volatile commodity prices impacted growth prospects for the Middle East and Africa
- Funding for African startups fell by 57.2% compared to Q1 2022

Sources: **Institute of Chartered Accountants in England and Wales (ICAEW)**, **Euromonitor International**, and **Disrupt Africa**

Asia-Pacific (APAC)

Why APAC is not immune to trickling uncertainty from other regions

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Asia

- Strong equity gains in Taiwan, Singapore, and South Korea
- Weaker equity performance in Hong Kong, India, and Malaysia
- Chinese shares grew as pandemic restrictions eased
- Bank failures negatively impacted Japanese financial stocks

Australia and New Zealand

- Australian economy predicted to slow down significantly to 1.9% in 2023
- Inflation in New Zealand slowed to 6.8% in February

Sources: **Schroders**, **GlobalData**, and **Reuters**

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4 methods to ensure demand performance in 2023 and beyond

Positive sentiment in the upcoming quarters

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Following the **[readjustment of the tech market]**, 2023 is the year for businesses to invest in digital transformation initiatives. Marcus East, Executive VP and Chief Digital Officer at T-Mobile reinforced this in the **Adobe Summit 2023**, stating that now is “the perfect time” for organizations to invest in digital.

> *“Don’t kid yourself, there are still so many opportunities in the marketplace.”*
>
> — *Andrew Sambrook, SVP of Global Demand Generation*

Therefore, businesses should take this opportunity to revisit their investments made during the pandemic and streamline their **digital brand experience** by taking into account Client and User Experience (CX and UX) best practices.

B2B demand generation organizations should then implement CX and UX elements in their products, delivering to verticals that are mostly focused on legacy technology with personalized offerings. These products will better engage their staff, improve their outcomes, and result in a higher Return on Investment (ROI).

Verticals to focus your B2B demand generation on in 2023

- Manufacturing
- Education
- Healthcare
- Government

Investments to prioritize to empower a strong digital experience

- Cybersecurity
- Artificial Intelligence
- Data Analytics

#1 Invest in competitive displacement with unique branding efforts

Double down on your competitors' weaknesses

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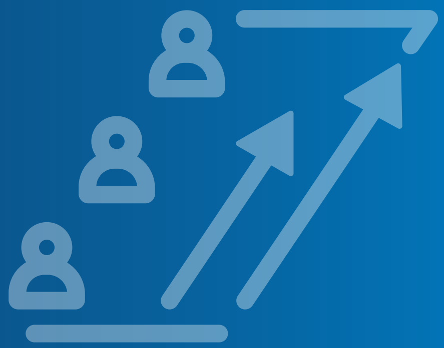
Beyond driving a memorable brand digital experience, 2023 is the year to focus on **competitive displacement** as a key demand generation tactic to gain future opportunities.

What is competitive displacement?

Competitive displacement is a demand generation tactic that centers on targeted brand promotion to the accounts of select competitors, in order to drive brand awareness of your products and their benefits, as well as your unique value proposition (UVP) in comparison to each account's current provider.

Competitive displacement is a long-term strategy, which yields results when leads are effectively encouraged to switch from competitors for your solutions.



Talk with a demand expert to learn how INFUSE Competitive Displacement can increase your market share ⟶

Indeed, after a challenging quarter—and in a year with tight marketing budgets—businesses that invest in competitive displacement have a greater chance of engaging leads and driving brand awareness than before, when competitors were heavily investing in post-pandemic go-to-market strategies.

#2 Implement RevOps to retain clients

How INFUSE incentivizes upsells with Client Success

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RevOps is an efficient approach to retain clients, as well as streamline processes across departments to achieve revenue Key Performance Indicators (KPIs).

What is RevOps?

Revenue operations (commonly referred to as RevOps) is an approach that aligns departments (such as marketing, sales, and client success) with shared revenue KPIs across the entire business. One of the core benefits of RevOps is the elimination of silos as implementing RevOps requires communication, collaboration, and cross-departmental processes to achieve pre-established revenue goals.

Read CRO Dan Freeman's RevOps Outlook 2023 chapter to implement this approach in 5 steps →

Adopting RevOps makes it simpler to focus on the tasks which will drive higher revenue, particularly client retention and brand evangelism—both critical strategies in today's environment, especially as retaining a client is cheaper than an acquisition. Organizations that implement Client Success (CS) programs fueled by RevOps insights and with marketing and sales alignment, will be better equipped to adjust offerings to resolve ongoing client problems and prevent a switch to competitors.

For example, when contracts are nearing their expiration, CS professionals can offer a free upsell to motivate renewals. The same logic applies to cross-selling, by offering products that would enhance the client experience at a lower price point or with added benefits (such as dedicated support).

Therefore, in a year of difficult market conditions, implementing RevOps to streamline processes across teams to focus on revenue opportunities with existing clients is a key tactic to secure business growth.

#3 Drive ABX to source unique opportunities

Don't spray and pray: focus on a select number of accounts

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Implementing **[Account Based Marketing (ABM)]** is in itself a substantial commitment, which requires a significant amount of resources and labor to efficiently engage buying committee members and drive conversions.

This is why adopting a "spray and pray" approach with ABM is highly detrimental to its success, as the key to ABM is relevance through personalized outreach, content, and offerings. Therefore, it is best to focus on 15-20 accounts when adopting ABM rather than utilizing it to target your Total Addressable Market (TAM) as a whole.

> *"You don't need to be the cure, the 'end all be all,' to every single company out there."*
>
> — *Dan Freeman, CRO*

While cliché, the well-known phrase, "show me you know me" is what must guide ABM campaigns as conversion rates will only increase if targeted buyers are effectively convinced not only of the quality of your brand and its solutions, but also their relevance to their specific needs. For teams to correctly address the pain points and business challenges of key accounts to yield better performance, it is far more beneficial to focus ABM campaigns on a select number of accounts.

Outlook 2023

Read The Rise of ABX to drive engagement among target accounts with CX and UX best practices →

By **Mukesh Rajpurohit**,
VP of APAC Sales

Intent data to empower the Account Based Experience (ABX)

Intent data is a behavioral signal that can be utilized to personalize outreach, as well as identify priority accounts for marketing and sales.

This is a critical strategy as many organizations in 2023 are **focusing their efforts on bottom of funnel (BOFU) leads**. Leveraging intent data supports this process by supplying teams with additional qualification criteria for determining outreach strategies for specific accounts at the end of the buyer's journey. In fact, the win rate with audiences that demonstrate intent is of 33 and 37% (depending on the intent layer that is analyzed) according to this **2023 ZoomInfo and Demand Generation Report (DGR)**.

Insights from intent data are beneficial for campaigns across the sales funnel, as they demonstrate evolving challenges and objections by leads, and can inform content creation and its personalization. In other words, intent is crucial for **improving and implementing ABX**—an ABM approach that focuses on delivering an enjoyable brand experience.

Even so, there are risks of overemphasizing the importance of intent and its role as an indicator of sales readiness. **Intent data is more efficient when understood** as lead behavior that serves as one source of signaling brand interest, rather than an indicator of willingness to make an immediate purchase.

Increase conversions across the sales funnel

Learn actionable tactics to drive lead engagement throughout the buyer's journey.

- **MOFU to BOFU: How to Get Leads to the Bottom of the Funnel** →
- **The Dangers of Only Focusing on Bottom of Funnel Leads** →

#4 Kickstart channel marketing partnerships

Why channel marketing is strategic during a recession

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Channel marketing, alongside co-marketing efforts, is an approach that is highly sought after during a recession due to its ability to increase a brand's reach at a low cost.

According to a 2023 DGR report on channel marketing, **most interviewed marketers believe partner revenue attribution will increase in 2023, as follows:**

23% **are expecting an increase of 20%**

35% **are expecting an increase between 11-20%**

40% **are expecting an increase between 1-10%**

Channel marketing is therefore seen as a method to engage leads and drive revenue that will receive greater investment throughout 2023. In fact, Forrester predicts the evolution of channel marketing in 2023 toward a "partner ecosystem" with a larger focus by channel marketers on meeting buyer needs beyond prioritizing transactions.

Considering this evolving channel ecosystem, co-marketing is an approach that can be adopted alongside channel partners to launch marketing campaigns while limiting spend, by splitting the costs with a partner that shares a similar audience to yours.

However, for both channel and co-marketing, verifying your partner and establishing shared KPIs and accountability is essential for the success of campaigns, as well as to effectively advance brand awareness with the right messaging for your solutions. When adopting an indirect approach to boost outreach, the quality of your partner and the terms of the agreement set in place can make or break your campaign.

[Learn in 8 steps how to strike a partnership in a recession with SVP of Global Demand Generation Andrew Sambrook's Outlook 2023 chapter →]

Key Takeaways

- **A slow Q1 is a result of an equally slow Q3 and Q4 in 2022.** However, from Q2 onwards in 2023, businesses should seize opportunities with a strong brand experience and competitive displacement.
- **Investments are a must to drive business growth**, particularly in ABX and RevOps initiatives to engage accounts and retain clients in an economically challenging year.
- **Identify pain points and inform content marketing with intent data** to drive engagement in buying committees with content and messaging that is timely and relevant.
- **Form alliances with reliable partners in your niche** to carve a space in the market and drive long-term brand awareness at a lower cost in light of restricted marketing budgets.

About the authors

Dan Freeman

For nearly 30 years, [Dan Freeman](#) has used his deep expertise in business, technology, and sales processes to help businesses succeed.

As a founding member of INFUSE and its Chief Revenue Officer, he has overseen the company's growth from a startup to a global organization of 1000+ team members.

Andrew Sambrook

Andrew Sambrook is a veteran in the demand industry. With 33+ years of experience in roles ranging from services to publishing, operations, and sales, he brings a wealth of practical knowledge to INFUSE's clients. He is a strategic thinker with a can-do attitude that unites ideas into actionable plans that deliver growth.

Watch the complete "Did Q1 Suck?" webinar

The full picture from Dan Freeman and Andrew Sambrook on the impact of Q1 2023 in upcoming demand generation strategies

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