Forrester Debuts Next-Generation B2B Revenue Waterfall To Help Firms Accelerate Revenue Growth

May 4, 2021

Increase in complex buying scenarios and heightened focus on customer retention necessitate including existing customers in the demand mix

CAMBRIDGE, Mass., May 4, 2021 /PRNewswire/ -- Forrester (Nasdaq: FORR) released the latest version of its B2B Revenue Waterfall, formerly known as the SiriusDecisions Demand Unit Waterfall®, to plan and measure progress against both net new and existing customer opportunities. Unveiled at B2B Summit North America, the updated model will help firms accelerate opportunity development and revenue growth. Using the new model, firms can drive new pipeline and revenue opportunities in current accounts, turn buyers into advocates, and fuel demand generation activities such as attracting net new buyers' attention and accelerating deal closing.

According to Forrester, a sales- and marketing-aligned demand management process leads to better conversion rates (pipeline-to-close ratio) and higher average deal sizes. This year's Forrester B2B Buying Study shows that more than 80% of purchases now involve complex buying scenarios: consensus scenarios where 95% of current purchases involve three or more people across two or more departments, and committee scenarios where strategic purchases include multiple people and departments across the organization and require executive oversight. With buying groups becoming the norm, sales and marketing functions need to work even more closely to understand and engage with all decision-makers involved in making purchases.

Additionally, before COVID-19, fewer than a third of B2B marketers prioritized customer retention as a measure of marketing success. However, customer retention and expansion are perceived as more important to achieving business growth in tough economic times. An anticipated 75% of B2B marketers will focus their demand generation tactics on customer retention and enrichment this year, a 16% increase from 2020. Currently, though, fewer than half of organizations are tracking customer retention opportunities in their Waterfall models.

An industry standard for B2B organizations to define their demand management processes, the latest iteration of the B2B Revenue Waterfall expands upon the Demand Unit Waterfall® to target buying groups and consider existing clients in the overall demand plan. Forrester's B2B Revenue Waterfall adds renewal, cross-sell, and upsell opportunities as new opportunity types in the target opportunities stage. By evaluating conversion rates and costs for each opportunity type, B2B marketing and sales leaders can identify the optimal mix of opportunities, allocate resources, and plan and measure their performance accordingly.

"The new role of marketing and sales is to help buyers progress through their buying journey — not push leads through a funnel or pipeline," said Monica Behncke, VP, Group Research Director, Forrester. "Forrester's B2B Revenue Waterfall broadens the demand mix to include both new and current customer sales opportunities to drive the performance of organizations' revenue engines. New B2B opportunities can cycle down through the Revenue Waterfall in a way that optimizes marketing and selling resources, while successful 'won' deals are recycled back up to become retention and upsell opportunities. This offers B2B organizations holistic and consistent insights into what their overall business health looks like."

Resources:

- Learn why marketing and sales leaders should upgrade to the new B2B Revenue Waterfall.
- Learn more about Forrester Decisions for B2B Marketing Executives, B2B Sales Executives, and Product Management.
- Download the Forrester report "Customer Marketing Elevates B2B Post-Sale Experiences And Buyer Value" (client access required).

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