



THE STATE OF CHANNEL IN 2023: CHALLENGES AND OPPORTUNITIES

By **David Verwey**, VP of EMEA
and **Matt Dalton**, Strategic Head of Channel
and **Sophy Gray**, Founder of The Marketing Bee

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Synopsis:

- **The current state of channel and why it needs to evolve**
- **Top challenges facing channel marketing strategies and how to solve them**
- **Why demand is essential for channel marketing**



Even as the economic challenges of 2023 persist and continue to impact the B2B marketplace, Channel remains strong with the latest [Canalys report](#) indicating 4-year double-digit growth from 2022 as well as optimistic 2023 forecasts.

This resilience, even in tough climates, is further emphasized by the 5% loss in revenue and 19% reduction of net income for the top 18 tech vendors—the first decline in a decade (also reported by Canalys).

The impact of the role that the channel continues to play in supporting vendors has not only contributed to its consistent growth but has also led to a greater interest in the capabilities of channel partners and the performance they are able to deliver. As a result, the current challenges of channel partner marketing have also been brought into focus, with many questioning its progression and forecasting how it needs to evolve.

“[Channel] is going through a bigger transformation now than it ever has done. I think it’s a really exciting time to be in channel marketing.”

— **Sophy Gray**, Founder of The Marketing Bee



To explore and shed further light on this topic, INFUSE VP of EMEA, David Verwey, and Strategic Head of Channel, Matt Dalton, met with Sophy Gray, the founder of The Marketing Bee.

Over the course of an hour, the three discussed the state of the channel this year, as well as common challenges, solutions, and most importantly, the opportunities available for driving performance and outcomes for 2023 and beyond.

This article explores the questions answered, topics covered, and insights shared over the course of the session to inform your strategies this year and beyond.

Why is channel changing?



How to advance branding and generate demand with content

The impact of the pandemic was certainly felt in traditional, customer marketing, with one of the most substantial developments being the [increase of digitalization and investment into digital marketing](#) over a relatively short period of time.

WHY HAS CHANNEL CHANGED IN THE LAST 4-5 MONTHS?



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David Verwey
VP of EMEA

However, even as the pandemic eased, it caused a lasting ripple effect that soon led to harsh economic conditions. This resulted in a “market reset” and greater scrutiny on investments that increased pressure on organizations to demonstrate performance, particularly in relation to spending.

While this development greatly affected both channel and direct in terms of improving accountability, channel marketers were left with the difficulty of relating marketing development funds budgets (MDF) to return on investment (ROI)—a long-standing issue for channel marketers.

“One of the largest challenges I’ve always seen in channel is attribution. Attribution based on MDF spend is extremely hard when there are very few metrics around that today.”

— David Verwey, VP of EMEA at INFUSE



The influence of customer marketing and CMOs on channel marketing

The emphasis on improved performance reporting and attribution has also been accentuated by the increased involvement of CMOs in channel strategies as organizations turn to channel to help them meet their objectives—as a result of channel’s resilience.

However, this shift in focus to channel has also resurfaced questions from CMOs back to channel marketers surrounding performance and the value and return gained from MDF budgets.

As a result, partners who have been following the evolution of customer marketing over the past few years are now looking to emulate the same strategies. This has led to discussions between vendors and partners on how they can provide higher-quality marketing and leads, in particular MQLs.

HOW IS CUSTOMER MARKETING INFLUENCING THE CHANNEL?



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Sophy Gray
Founder of The Marketing Bee



David Verwey
VP of EMEA

This has therefore prompted a shift in perspective on the function of channel marketing, previously focused on lead generation, to a more strategic view and deeper channel programs.

Discover fresh perspectives and new insights at The Channel Meet Up, with regular events scheduled in both the UK and the U.S. throughout the year—featuring experts from INFUSEmedia and The Marketing Bee.

[Find out more about the latest The Channel Meet Up events here](#) →



New channel programs

Indeed, the challenge of quantifying value has become the catalyst of change for channel marketing, with channel marketers tasked with innovating the way they achieve and demonstrate attribution through the right metrics and reporting.

This increased demand for visibility and attribution from channel marketers has led to the evolution of metrics-led channel programs, with a new focus on the importance of brand to demand performance and engagement. This movement is being championed by vendors who are seeking programs that offer greater depth and data oversight from partners.

These new programs are centered on the level of interest within target accounts with campaigns and specific content pieces [rather than purely on lead generation](#)—as analyzing the number of leads generated is often not an effective metric for determining ROI alone.

HOW TO ATTRIBUTE VALUE FROM NEW CHANNEL PROGRAMS



David Verwey
VP of EMEA



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Channel programs that are fully integrated and shed light on the engagement of multiple stakeholders within key accounts are far more valuable in the current marketing environment. Switching the focus from leads to engagement allows vendors to score leads based on their activity and therefore, their propensity to buy.

These programs can also enable the collection of data insights from correlations in buyer behavior such as multiple stakeholders within buying committees engaging with specific touchpoints and content in similar ways. However, developing these new programs is only one element of navigating the ongoing evolution of channel marketing and meeting the demands for accountability and attribution.

For more information on INFUSE channel demand programs, connect with INFUSE Strategic Head of Channel, Matt Dalton, at: dalton@infusemedia.com →

Reimagining MDF allocation



Enabling the creation of new programs that provide greater insight into performance, first requires the right strategy to support partners to deliver outcomes and overcome the following challenges of MDF allocation currently facing channel marketers—beyond measuring attribution and ROI.

How current MDF allocation practices impact performance

The distribution of marketing development funds (MDF) is equally important in regard to the overall performance that channel partners are able to achieve. However, there is often a disparity in how each partner is assigned MDF and assessed for receiving different levels of funding. Therefore, MDF allocation (much like attribution) is another key area of focus for the evolution of channel marketing and optimization of processes.

**WHY THE DISPARITY IN
MDF DISTRIBUTION IS
HARMFUL**



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David Verwey
VP of EMEA



Currently, there are **three main challenges** with how MDF is allocated and utilized to drive performance:

- 1. Select partners receive MDF based on contractual obligations or to maintain a long-standing relationship with a vendor:** This can lead to more MDF being distributed than necessary, resulting in lower ROI or a significant amount of funding going unspent.
- 2. Some partners lack the knowledge or skill set necessary to properly use MDF to yield results and achieve ROI:** The skill level of each partner often varies, affecting the outcomes that they are able to deliver with MDF. Indeed, not all partners are able to leverage funding to provide vendors with the best results possible, affecting overall returns—and therefore the amount of funding they are provided.
- 3. Many partners do not adequately report back on the leads or performance attributed to MDF:** Partners who do not accurately report outcomes are unlikely to receive the MDF they need for future campaigns or projects. However, if they do not have the knowledge on how to do so, this will continue to negatively impact the funding they are provided, and therefore, the results they are able to deliver.

The first challenge is particularly harmful, especially given that the amount of funding is often irrespective of the results that are produced. However, at their core, all of these issues originate from a lack of understanding of how best to work with and support each individual partner.

WHY MDF ALLOCATION HAS HELD BACK CHANNEL PROGRESS



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Matt Dalton
Strategic Head
of Channel



David Verwey
VP of EMEA

“If you came into [channel] with a completely fresh perspective without looking at how MDF was set up historically, you probably wouldn’t design it the way most vendors have got their MDF programs set up.”

— Sopy Gray, Founder of The Marketing Bee



How to properly distribute MDF with partners

The challenges of MDF allocation have been exacerbated by the increased involvement of CMOs with little to no channel experience. While the demands for attribution, outcomes, and ROI are necessary, each partner needs to be allocated funding and support depending on their skill level and the performance they deliver if both partners and vendors are to achieve the outcomes they need to succeed.

Indeed, an important element of the evolution of MDF allocation is the movement away from traditional accrual, contractual-based systems to those that are based on applications and proposals made by partners to win bids on funding and programs.

THE EVOLUTION OF MDF ALLOCATION



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Sophy Gray

Founder of The Marketing Bee

However, much like any partnership, ensuring successful outcomes is reliant on alignment and communication. This starts with a clear understanding of the capabilities of each partner and how best they can benefit each vendor as a guide for assigning MDF—and therefore, also enable more sophisticated channel programs.



How to navigate partner skill levels to guide MDF allocation

Given the variety of partners available to vendors, each with their own skill levels, determining the best way to leverage and therefore benefit from partners is essential. However, building an understanding of each partner takes time and the right strategy.

Below are two actionable solutions for managing the skill level of each partner:

Implement a partner survey

One method of identifying the skill level of a channel partner is by utilizing surveys. Much in the same way that providers assess the requirements of clients with interviews or surveys before making a recommendation on the best solution to meet their needs, vendors can also leverage surveys with partners.

Insights collected from surveys can help vendors identify the amount of support and MDF each partner needs, as well as which channel program would match their capabilities the best. These surveys not only provide vendors with the opportunity to understand their partners better but they also allow partners to give feedback on channel programs, arming vendors with data to inform optimization efforts.

THE IMPORTANCE OF PARTNER SURVEYS



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Sophy Gray
Founder of The Marketing Bee



Matt Dalton
Strategic Head of Channel

In addition, surveys can shed light on how both parties view the partner-vendor relationship. However, this strategy benefits most when deployed with an independent party, as partners may be less willing to give feedback directly to vendors and vice versa, if it may be harmful to the relationship. Using an independent assessment can help to support alignment by revealing the main challenges being faced by partners, therefore influencing the accuracy of vendor marketing plans.




[Click here to connect with a demand strategist to conduct a demand gen survey](#) →



Segment your partners and measure performance






Traditionally, segmentation has been based on partner tier levels and different levels of programs. However, in the current channel environment, vendors are moving towards segmenting partners based on their attributes and behavior, rather than relying on metrics alone. Surveys are therefore crucial for this process, as depending on the behaviors identified, partners can be assigned the support they need and the programs they are able to run.

Below are some examples of behaviors to identify in partners:

-  How confidently they talk about vendor solutions
-  How well partners spec solutions
-  Sales performance for each solution

These behavioral attributes are key to going beyond simple revenue metrics to assess and then segment partners.

Other factors for segmentation also include:

-  The marketing knowledge of partners
-  Sales processes: lead scoring systems, lead nurturing, etc.
-  Partner tech stacks and how well they are leveraging it to support outcomes
-  Who partners are effectively reaching and selling to
-  The opportunity each partner represents: both in terms of sales and whether they are a good fit



HOW TO SEGMENT CHANNEL PARTNERS



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Sophy Gray

Founder of The Marketing Bee

Essentially, by collecting results from partner surveys and implementing segmentation, vendors can identify how to build channel programs that are best suited to each partner, including those who are most likely to drive meaningful results. Depending on segmentation, vendors can also determine how best to distribute MDF and provide partners with adequate support.

Outlook 2023

Discover how to define and drive marketing performance in INFUSE VP of Marketing, Victoria Albert's [Outlook 2023 chapter: The Evolution of The Marketer](#) →



By **Victoria Albert**,
VP of Marketing

How to maximize performance from channel partners



Once each partner has been assessed and segmented based on their skills, performance, and specialties, it is important to provide them with as much support as they need in order to [drive positive outcomes for both sides of the partnership](#)—and particularly as the emphasis on channel performance continues to grow.

Below are two key areas to focus on to establish stronger partnerships and better outcomes:



Alignment

Sales and marketing alignment is often a popular topic of discussion in the B2B space, including channel marketing. However, given its current state in the market, alignment between partner and customer marketing should be the main focus.

This builds on the need for partner segmentation as well as how to support the varying needs of each partner. Alignment begins by setting definitions to guide lead generation campaigns run by partners. This can go [beyond simply agreeing on what constitutes as a lead](#), to focus on lead intelligence and direct marketing best practices.

This comparison can include the attributes of leads, and working with the same metrics to encourage partners to approach leads as individuals who require the right outreach and [nurturing](#).

For example, **vendors should encourage partners to consider the following:**

- Does the lead meet the lead definition and qualification criteria?
- Is there an active [buying group](#) in the account?
- Has the lead (or buying group) demonstrated intent?
- Have multiple leads been generated from the same organization?
- Have the leads demonstrated interest in having a conversation with sales members?
- Have leads interacted with multiple pieces of content?

HOW TO SUPPORT PARTNERS WITH ALIGNMENT



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Sophy Gray

Founder of The Marketing Bee

Essentially, blurring the line between traditional marketing and channel marketing, not only acts as a guide for partners looking to build out their marketing function but also helps align programs with vendor expectations and provide better structure to support the increased focus on leveraging the channel.





Education

As the shifts in buyer behavior, longer sales cycles, and greater buyer scrutiny continue to impact all aspects of marketing, including direct and channel, one of the best ways for vendors to help partners deliver on performance is by providing training.

This should cover all aspects of marketing and build on a solid foundation of alignment between all teams.

Here are some of the areas that training should explore to equip partners with the marketing knowledge they need to succeed

- How buyer behavior has changed
- How buyers respond to each piece of content differently
- The type of content best suited to each stage of the buyer journey
- The amount of content buyers engage with before making a purchase

WHY EDUCATING PARTNERS IS IMPORTANT



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Sophy Gray
Founder of The Marketing Bee

By educating partners on current marketing challenges, trends, and strategies, vendors will be better positioned to implement new, innovative programs that empower partners to challenge the status quo—and drive improved results.





Create and provide account-based opportunities

One of the most important developments in channel marketing is the movement away from approaching programs on a lead-by-lead basis to [looking at programs holistically](#). While a challenging transition for channel programs, this involves tackling the buying committee as a whole at each target account.

Reliant on lead intelligence, a holistic approach centers on monitoring and analyzing the engagement of multiple individuals within an account, including their role in the buying process—in the case that one stakeholder is further along in the buyer’s journey but is blocked by another member with more decision making power. This should also include measuring brand interactions (both the vendor and partner) to help to quantify engagement beyond a lead that has simply responded to qualifying questions, for example.

THE NEED FOR HOLISTIC CHANNEL PROGRAMS



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David Verwey
VP of EMEA

Ensuring that partners are sufficiently trained in marketing is essential for driving this shift in focus, as well as defining what constitutes a lead for each vendor. This is particularly important for channel leads who are typically closer to the top of the funnel and therefore require adequate lead nurturing and targeted outreach to motivate their progression.

However, by accurately monitoring and supporting partners with alignment and marketing training, vendors can supply partners with account-level opportunities that will allow them to deliver on objectives and performance goals.

For more information on INFUSE channel demand programs, connect with INFUSE Strategic Head of Channel, Matt Dalton, at: dalton@infusemedia.com →

Why demand is essential for channel marketing



As channel marketing continues to gain popularity as an avenue for digital marketing and sales strategies, driving demand will be more important than ever to boost competitive positioning and secure higher levels of quality engagement.

However, channel marketers first need to focus on the key areas of supporting demand generation to overcome current obstacles and empower teams with the resources they need.



Content marketing

The current main challenge surrounding content for channel marketing is simply the lack of resources being made available. As vendors struggle to scale channel content efforts alongside those of traditional marketing, channel marketers often have to wait until content campaigns have finished before being able to leverage them for their own strategies. This often results in content becoming outdated before it can be used, impacting its performance. Channel needs its own specific content resources to leverage in order to effectively drive demand.

“The channel is sometimes the black sheep of the family, [-] they get the scraps of content.”

— David Verwey, VP of EMEA at INFUSE





Lead nurturing

Channel marketers also face the same issues as content marketing for [lead nurturing](#), with direct marketing often taking priority over the needs of the channel. Lead nurture is just as essential for channel marketing as it is for direct, as leads that have not received nurturing that are passed onto partners will not progress and will therefore impact performance as a result.

Developing lead nurturing (along with content) is of course reliant on the varying skill levels and capabilities of each partner and vendor. For example, in the case that a vendor does not have nurturing capabilities, partnering with a demand provider is essential to ensure that partners receive leads that are further along the buyer's journey and more likely to convert.



Flexible “box” solutions (finding the right demand provider)

Given the multiple pressures vendors are facing, namely supplying partners with the high-quality leads they need, a demand provider is well-positioned to lend additional support. However, finding the right provider and suite of solutions is essential to generate qualified demand.

Moreover, in today's complex environment, simplicity is a must for ensuring that both vendors and partners have enough time and resources to focus on driving results. Vendors will therefore benefit the most from demand providers who provide “box” solutions that can then later be tailored to meet the needs of each vendor.

“What I am hearing from vendors is that it needs to be as uncomplicated as possible, particularly if a vendor is going to a partner and they want to do a 50-50 split.”

— **Matt Dalton**, Strategic Head of Channel at INFUSEmedia



Personalized, flexible solutions allow for partners to be empowered with the tools they need, which are broken down into the areas they cover (funnel stages or target account lists, for example). Choosing solutions this way also assists in negotiating the contribution of funding between vendor and partner.

Secure the right perspective for change



Finally, considering the scale of the current changes taking place in the channel and the uncertainty caused, David Verwey, VP of EMEA at INFUSEmedia, and Sophy Gray, Founder of The Marketing Bee, **reflect on the evolution of channel marketing and its implications.**

WHY CHANNEL IS EVOLVING FOR THE BETTER



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Sophy Gray
Founder of The Marketing Bee



David Verwey
VP of EMEA



Key takeaways



- **As the popularity of channel marketing increases** so does the scrutiny surrounding attribution and the performance of partners—this has been compounded by the involvement of CMOs and the comparison between channel and traditional marketing.
- **Developing and implementing channel programs** that give greater insight into performance is a solution to the challenge of attribution.
- **Enabling new channel programs requires** the following challenges to be addressed:
 - MDF allocation
 - Managing the varying skill levels of partners
 - Aligning with and educating partners
 - Supporting partners with demand generation
- **Partners need to be measured on the levels of engagement** they drive within accounts, rather than other metrics.
 - This can be supported with partner surveys and segmentation.
- **Although intimidating, the current changes taking place in channel marketing** are both necessary and crucial for innovation.
 - Leaders need to be advocates for change and challenge the status quo by guiding teams to overcome challenges to seize channel opportunities.

Our INFUSE demand experts are available to help you innovate your channel marketing strategies with custom-tailored, demand channel programs that empower your partners to drive the performance you need to achieve your goals.

**CONTACT THE TEAM AT letstalk@infusemedia.com
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