BENCHMARK REPORT

2012 Lead Generation

Key industry trends for generating leads of the highest quality

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Improve quality through lead generation strategies

This report is the most extensive lead generation study available, containing actionable data, key insights from marketers and CMOs, and in-depth analytical commentary from a team of marketing and lead generation experts. This information will provide you with the ability to develop an effective strategy that will generate high-quality leads, and favorably position you against the competition.

You will learn:

- How to determine top lead generation tactics despite declining effectiveness
- How to improve lead conversion when faced with a skeptical audience
- How to determine marketing budgets for 2012, even with limited resources
- How to evaluate optimal lead generation performance
- How to attribute multichannel lead generation campaigns to revenue
- How to select the best lead generation technology and tools for 2012

You will also get answers to important and practical questions like:

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- How many organizations monitor lead quality before sending leads to Sales? (p. 13)
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2012 Lead Generation
Benchmark Report

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Dear Marketing Leader,

You are holding in your hand the latest iteration of our research cycle. Just 15 years ago it was difficult to envision the process that now produces the findings you will discover within the covers of this book. Nearly 2,000 organizations from around the globe were questioned to help prepare this benchmark study. It is the largest sample size in the industry.

One of the first places to start your perusal is with the inside cover. It lists some of the most common questions we hear from the marketing community. Here is a sample:

- What can you expect for ROI of lead generation activities? (p. 23)
- How long is the average sales cycle? (p. 28)
- What is the average cost for each new customer, by primary market? (p. 43)
- Which online lead gen methods generate the greatest traffic and conversions? (p. 86)
- What do CMOs consider to be their top strategic priorities for lead generation? (p. 125)
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- Which metrics really matter? (p. 150)

The MarketingSherpa research team, together with the Science group of MECLABS, is relentlessly committed to improving both the quality of the research, and the relevance of our findings.

The lead author of this work, Jen Doyle, is uniquely positioned to guide this effort. Jen has overseen the research work across 6,791 companies. She has analyzed more than 241 interview questions. And, she has authored six lead publications from MarketingSherpa. Jen has brought all of this experience to bear on the *2012 Lead Generation Benchmark Report*.

I want to ask you to help us make it even better. Once you have read (or at least surveyed) this material, you may find that you have unanswered questions. Please, please share those questions with me. If there is any way we can find answers, we shall…

We need your advice. You can give your feedback at: http://sherpa.LeadGen.sgizmo.com/s3/

I promise we will carefully factor in every comment or suggestion. Together, we can build a deeper understanding of the demand generation discipline.

Thank you for your trust,

Dr. Flint McGlaughlin
Managing Director and CEO, MECLABS

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RECEIVE INSIGHTS FROM THE WIDEST, MOST VARIED AUDIENCE IN THIS BENCHMARK STUDY

CMOS AND MANAGERS FROM A VARIETY OF ORGANIZATION TYPES WEIGH IN ON LEAD GENERATION ISSUES

For this report, **MarketingSherpa collected data from the largest sample size for a lead generation study – a total of 1,915 organizations, making it the most extensive study conducted on lead generation industry trends**. Since it includes the largest survey pool, the data provided in this report is the most accurate and reliable information available on the subject of lead generation.

Not only have we collected the largest sample size, but also **the widest variety of organization type**, so you **can hone in on the results of other organizations like yours**. Participating industries span from high-tech to e-commerce, and a variety of organization sizes participated from startup to enterprise. Finally, for the first time ever, MarketingSherpa has included B2C respondents in a study normally focused on B2B, to report for the first time on the processes of a complex consumer sale.

Considering the role and decision-making authority of our respondent pool, we collected data from high-caliber marketers, with the majority representing CMOs and marketing management.

Chart: Respondent role and decision-making authority

Q. Which best describes your role and marketing decision-making authority in the organization you work for?
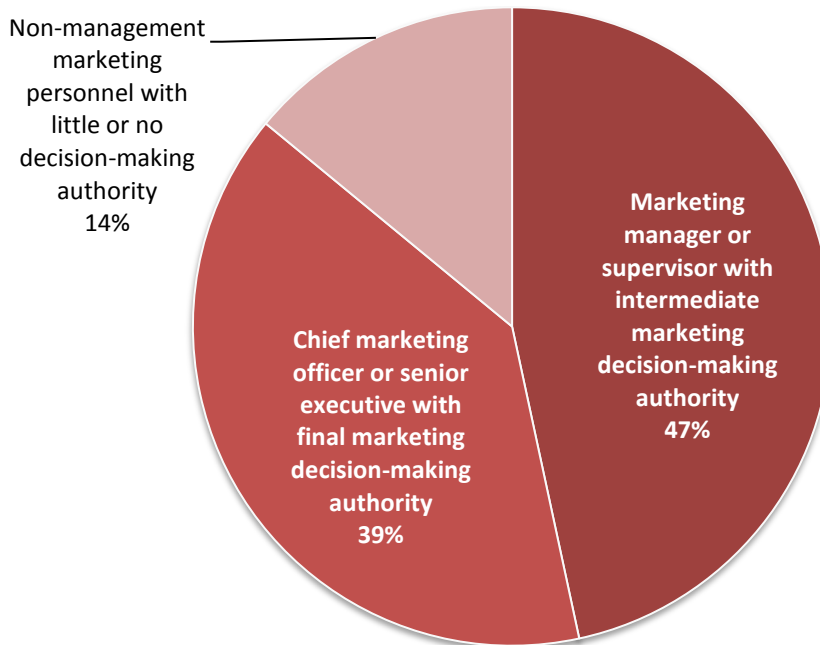
Non-management marketing personnel with little or no decision-making authority
14%

Chief marketing officer or senior executive with final marketing decision-making authority
39%

Marketing manager or supervisor with intermediate marketing decision-making authority
47%

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

EXECUTIVE SUMMARY

THE MARKET IS CHANGING, AND BUYERS HAVE EVOLVED

Over the past decade, **the way people buy products and services has completely transformed**. Before the growth of the Internet and social media sites, when a buyer had a problem, they would turn to various sellers, request brochures and other information, and *then* make a decision. Sales teams were involved early in the buying process, and served as the primary source for purchasing information.

Today, buyers don't need to engage with Sales to obtain the information they need in the early stages of the buying process. They have access to a wealth of information online, through search engines and social media sites. They can learn about sellers' product and service offerings, company reputation and history, without ever requesting any information from Sales*.*

This monumental shift has taken the power of the seller and given it to the buyer.

Buyers don't need to receive sales calls while in the independent research phase … and they don't want to, either. If we engage Sales teams with our buyers too early, we risk losing the sale entirely. To succeed in this evolved market, it is more critical than ever to have an intricate understanding of our audience, our messaging, and our channels. When we understand our audience's needs and preferences, we create memorable communications experiences that will resonate and convert.

Quality is about finding the right people at the right time.

This evolved marketplace and empowered buyer has created a more challenging environment for marketers, and has created *a greater importance of not just lead quantity, but lead quality*.

Sales: "This lead is bad. Why am I getting bad leads?"

Translation: It's possible that this lead was not a fit for your solution. If you're like most organizations, it is more likely that this lead was sent to Sales at the wrong time, since a majority immediately sends leads to Sales. To address the top marketing challenge of lead quality, we must not only find the right leads, but we must send them to Sales *at the right time.*

> **Benchmark Reports**
>
> *Benchmark Reports provide marketing executives and practitioners the comprehensive research data and insights needed to compare an organization's practices and performance against industry benchmarks, for guiding strategic planning and tactical optimization.*

Improve quality through lead generation strategies

When embarking on this lead generation study, MarketingSherpa wanted to identify the top lead generation strategies and tactics necessary to improve lead quality and generate ROI, and we have collected data from the largest sample size to create **the most extensive study on lead generation available**.

Throughout this report, you will receive actionable data, key insights from marketers and CMOs, as well as in-depth analytical commentary from a team of marketing and lead generation experts. This will provide you with the ability to **develop an effective strategy that will generate high-quality leads, and excel against the competition**.

This report will focus on how to improve lead quality, specifically addressing the following questions:

- **How can we determine their top lead generation tactics for 2012 when all tactics are declining in effectiveness?**
  In our 2012 B2B Marketing Benchmark Study, we uncovered that all lead generation tactics, including online and offline tactics, experienced severe declines in effectiveness from 2010 to 2011. This report will reveal the top strategies for improving this effectiveness for 2012.

- **How can we improve lead conversion, despite a skeptical audience that doesn't want to talk to Sales?**
  We cannot simply generate leads and consider them "Sales territory" anymore, forgetting about them once they have converted. If we engage leads with Sales before they are ready, we risk losing the sale by disregarding our buyer's preferences.

- **How can we determine our marketing budgets for 2012, despite limited resources?**
  We will reveal average allocations of lead generation budgets, as well as budgeting trends for 2012 to support your decisions.

- **How can we evaluate lead generation performance for 2012, to ensure we're outperforming our competition?**
  This report includes results for key industry benchmarks, including cost-per-lead, cost-per-acquisition, average length of sales cycle, and average sale amount – broken out by organization size, primary market and industry sector.

- **How can we attribute lead generation campaigns to revenue when so many campaigns include multichannel efforts?**
  We have identified the most commonly used tactics for multichannel lead attribution, and will discuss the most effective strategies so you can tie your activities in to revenue and optimize your campaigns.

- **How can we select the best lead generation technology and tools for 2012?**
  You will the top marketing tools and technologies for 2012, and gain valuable insights from marketers and CMOs on lead generation technology.

KEY FINDING: CMO PRIORITIES ECHO THE IMPORTANCE OF QUALITY

Chart: CMOs prioritize ROI, optimization and insights

Q. As CMO or the senior marketing executive in your organization, what are your top strategic priorities for lead generation in the next 12 months?

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

*"**We have a complex marketing process with a long lifecycle** between opportunity identification and closure. The most effective ROI comes from closely monitoring our opportunity pipeline and conducting thorough opportunity reviews."*

-CMO insight

Most CMOs agree that **ROI, optimization and audience insights are of premier importance for 2012**. The underlying theme of these priorities lies in the quality of leads generated. In fact, when these priorities are given to marketers, they are translated to the top objective of improving quality for all lead generation campaigns.

CMO response levels take a nosedive when it comes to prioritizing critical functions for performance evaluation and optimization, such as lead tracking systems, tracking multichannel programs and database hygiene. This creates an unbalanced marketing strategy, since it is necessary to perfect these tracking and optimization functions if organizations hope to improve lead quality and ROI.

KEY FINDING: ORGANIZATIONS TARGET QUALITY, BUT THEY AREN'T PAYING FOR IT

Chart: Can you really get a high-quality lead for $20?

Q. Please select the range that represents the estimated COST to your organization of one qualified lead.
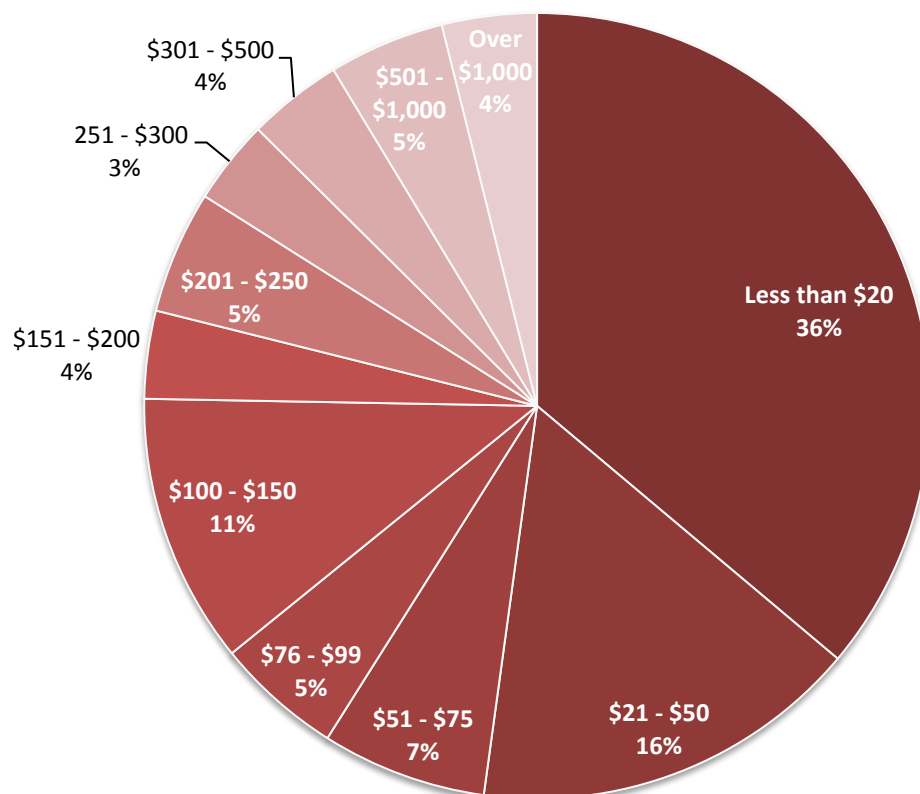
Pie chart data:
- Less than $20: 36%
- $21 - $50: 16%
- $51 - $75: 7%
- $76 - $99: 5%
- $100 - $150: 11%
- $151 - $200: 4%
- $201 - $250: 5%
- 251 - $300: 3%
- $301 - $500: 4%
- $501 - $1,000: 5%
- Over $1,000: 4%

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

Despite an increasing need for quality, many organizations invest less than $20 per lead. The second-most popular response was only one tier up, at $21-$50 per lead.

In the past, it may have been acceptable to assume that if an organization can lower their upfront cost-per-lead, they will also increase lead generation, improve ROI and drive revenue.

This makes sense when calculated on a spreadsheet, but when rolled out in an evolved marketplace with an empowered buyer, **it's going to take a lot more than simply lowering the cost-per-lead to achieve the goals of today's CMO**.

"Marketers can justify a higher cost-per-lead of the leads generated are also of a higher quality.

By focusing only on low-cost activities, marketers may sacrifice quality for volume without even knowing it"

Marketers may be weary to increase investments at the top of the funnel, and possibly generate *less leads for the same investment.* However, it will be easy to justify a higher cost-per-lead of leads that are higher in quality, and are actually ready to begin the sales process.

KEY FINDING: LEAD NURTURING PROVEN TO IMPROVE LEAD GENERATION ROI

Chart: Lead generation ROI by use of lead nurturing

Q. Do you have lead nurturing campaigns in place?
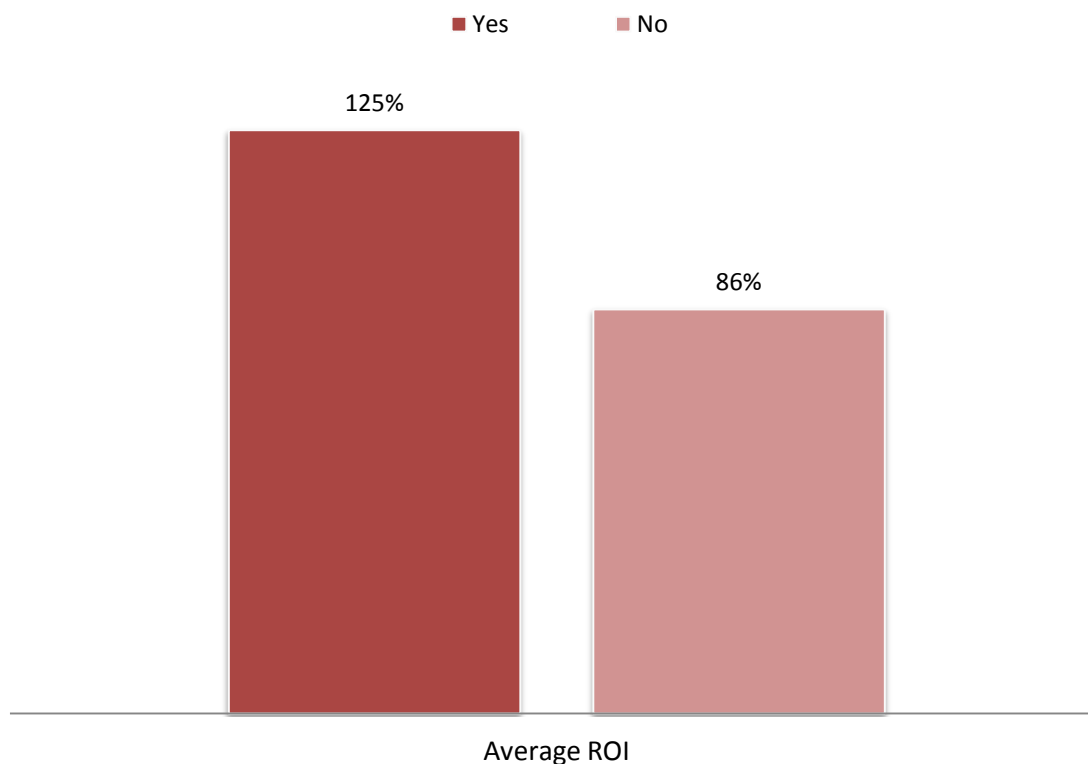
■ Yes   ■ No

125%

86%

Average ROI

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

"Webinars and whitepapers sent to our nurture lists draw prospects interest, and open the door for our Sales reps."

-Marketer insight on most effective lead generation tactics

On average, organizations that nurture their leads experience a **45% lift in lead generation ROI** over those organizations that do not.

It's no longer enough for organizations to generate leads, send them off to Sales and call it a day. Lead quality requires finding the *right buyers at the right time*. Lead generation strategies find and convert the right buyers, but **scoring and nurturing strategies must be used to identify the right time to send them to Sales**.

The results are clear. By nurturing leads with relevant content, such as webinars, whitepapers or thought leadership articles, organizations can effectively **encourage the right buyers to engage with Sales at the right time, and improve overall lead generation ROI**.

KEY FINDING: CLEAR COMMUNICATION OF VALUE IS VITAL TO SUCCESS

Chart: Lead generation ROI by use of value proposition

Q. Do you have a defined value proposition for one or more of your products or services?
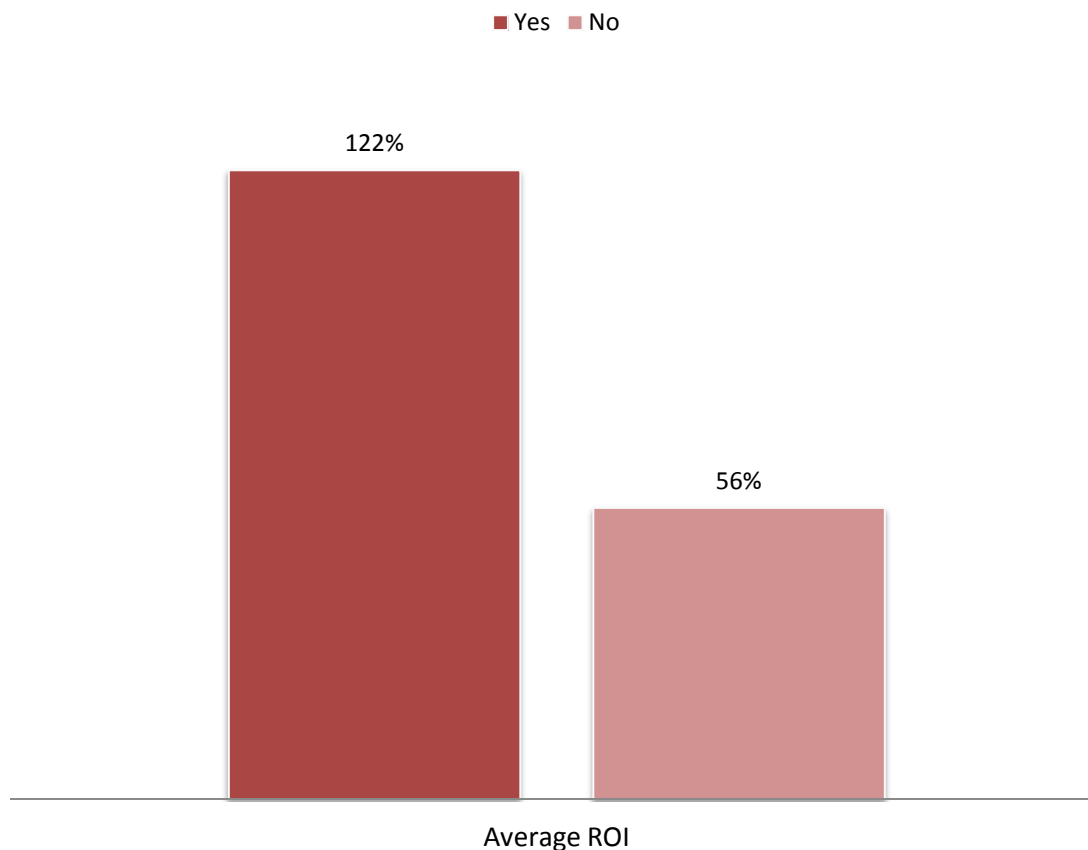
■ Yes ■ No

122%

56%

Average ROI

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Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

The foundation of marketing messaging lies in the value proposition. Without a clear and compelling value proposition, buyers are left wondering why they should buy your product instead of a competitor's. What differentiates your product, and makes it more appealing, more exclusive and more desirable? Why should your buyers choose your solution instead of your competitors? Your value proposition should clearly communicate the answers to these questions in a credible, compelling way.

On average, organizations that had defined a clear value proposition for their products experienced a 117% lift in lead generation ROI over organizations that did not.

*"Our top challenges include getting business owner's attention and differentiating us from other companies. **Building a stronger, clearer value proposition** that can be communicated quickly and easily."*

-Marketer insight

KEY FINDING: ONLINE TACTICS TOP THE CHARTS IN EFFECTIVENESS

Today's marketer has no shortage of tools at their disposal to deliver messaging to audiences. From the old standby tactics of direct mail, print advertising and tradeshows, to newer online tactics like social media, search engine marketing and email, how does one choose the channel that will inspire conversions?

The real question is which *channels* will convert audiences. **Multichannel messaging has been rated as the most effective tactic for increasing engagement** (MarketingSherpa *2012 B2B Marketing Benchmark Report*). When your targets receive the same message from you via multiple channels, you create a consistent and engaging experience.

The following chart evaluates the use, difficulty and effectiveness of various lead generation channels, to help you identify your optimal, multichannel mix.

Chart: Inbound or outbound - degree of difficulty not affecting use of effective tactics

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915
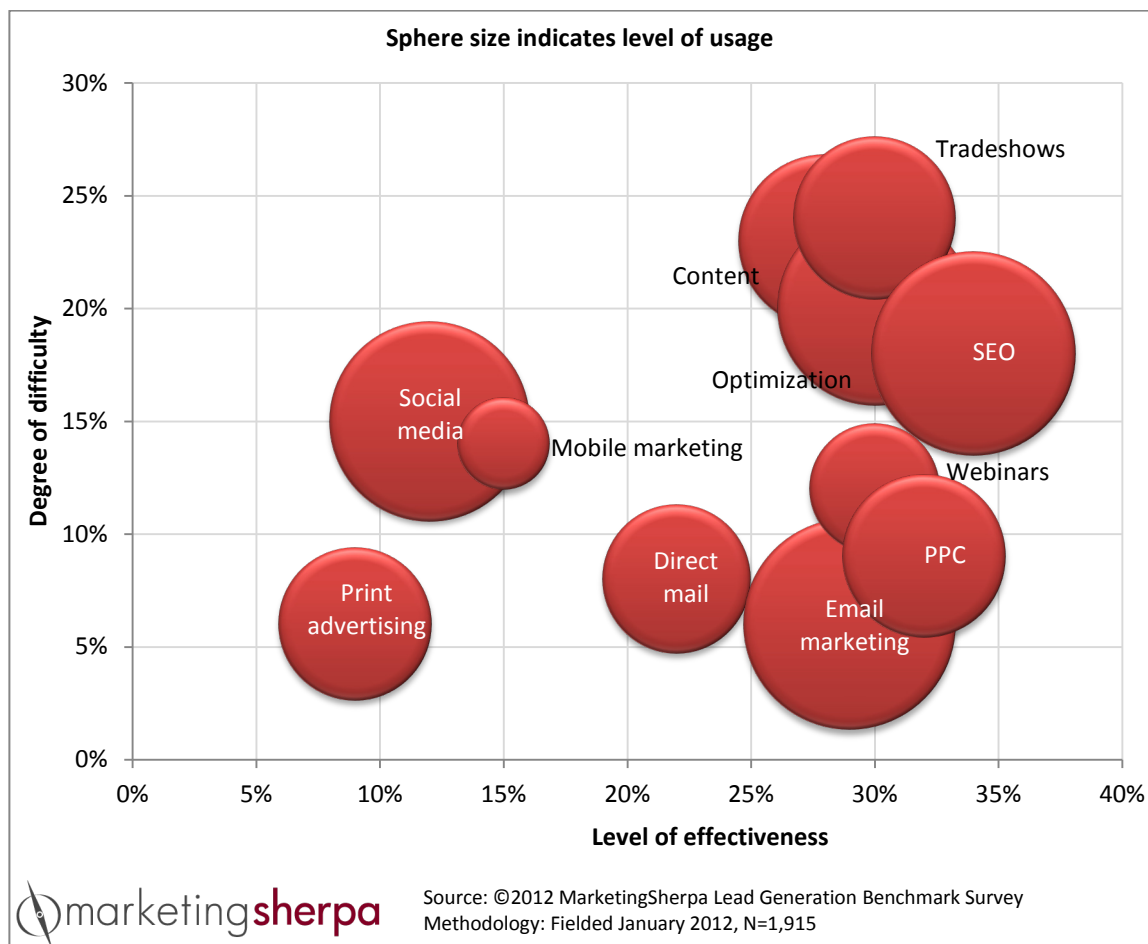
During this study, we uncovered that organizations lack maturity in the planning and execution of lead generation tactics, in fact – **only a quarter of respondents had formal processes with thorough guidelines that are routinely performed**.

While the majority lacks maturity in planning and strategy, marketers are not lazy! Results indicate that degree of difficulty does not affect the level of usage for the most effective lead generation tactics, such as

SEO, website optimization, email marketing and content marketing. Clearly, marketers are willing to put in the work for the tactics that deliver the greatest returns.

Throughout the results of this study, from budget allocations to ratings of effectiveness, **there is an ongoing trend of marketers moving to online marketing tactics**. These tactics have a well-known reputation for being cost effective and quick to generate results.

However, despite this undeniable trend, marketers must be cautious. There are still a large number of organizations finding great value in offline tactics like direct mail, print advertising and tradeshows. Before migrating to a highly online-focused strategy, **marketers must test and assess the appropriate channels to convince and convert their specific targets**.

KEY FINDING: LEAD GENERATION BUDGETS FAVOR ONLINE ACTIVITIES

Chart: Trends in 2012 marketing budgets

Q. Please indicate the expected changes to your lead generation budget for the following channels for 2012.
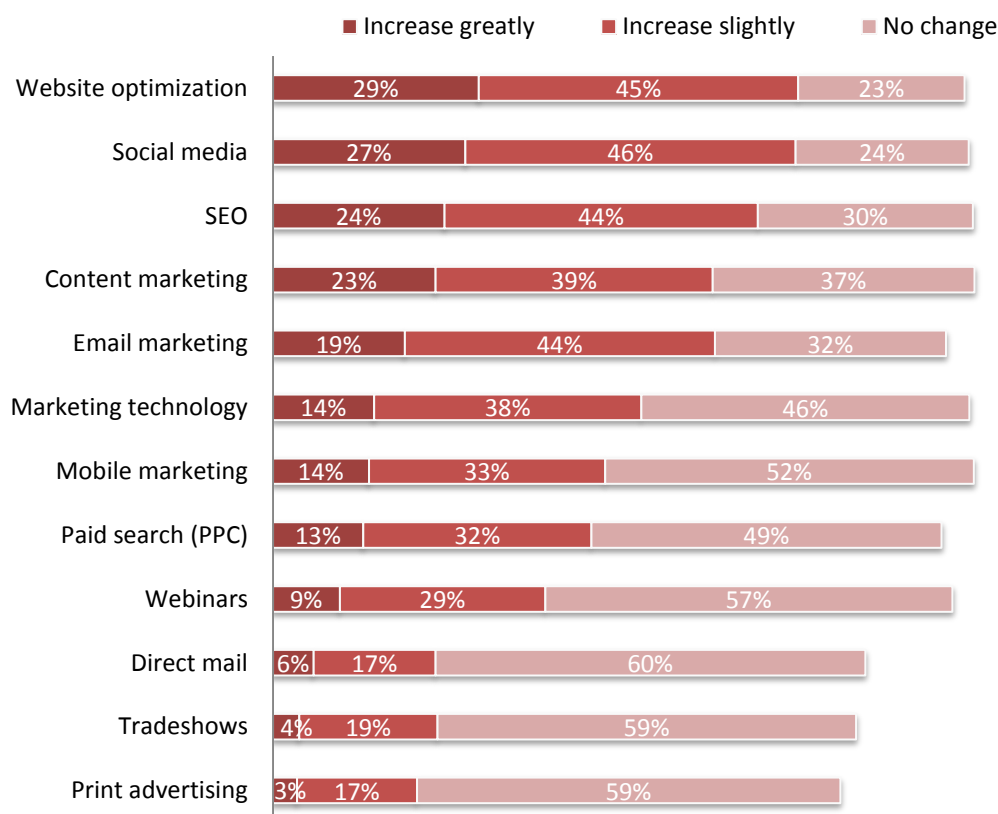
Legend: ■ Increase greatly ■ Increase slightly ■ No change

Channel	Increase greatly	Increase slightly	No change
Website optimization	29%	45%	23%
Social media	27%	46%	24%
SEO	24%	44%	30%
Content marketing	23%	39%	37%
Email marketing	19%	44%	32%
Marketing technology	14%	38%	46%
Mobile marketing	14%	33%	52%
Paid search (PPC)	13%	32%	49%
Webinars	9%	29%	57%
Direct mail	6%	17%	60%
Tradeshows	4%	19%	59%
Print advertising	3%	17%	59%

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Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

The trend towards online marketing is further demonstrated when analyzing changes in marketing budgets for 2012. The tactics that will receive the greatest increases in budget for 2012 include website optimization, social media and SEO. The tactics receiving the lowest increase are all outbound, including print advertising, tradeshows and direct mail.

"Management doesn't seem to believe that marketing is an investment but more of a department to "waste" money so getting budget is extremely challenging."

-Marketer insight

Many marketers struggle with generating high-quality leads with limited budgetary resources, as it is somewhat common for organizations to view Marketing as a cost center, and Sales as a revenue generator. In order to prove this perception false, and barter for budget increases, **marketers must implement lead attribution processes to properly tie marketing activity to revenue**, so they can properly plead their case.

KEY FINDING: WHETHER IT'S B2B OR B2C, IT'S ALL LEAD GENERATION

Chart: Marketers cite insignificant differences between B2B and B2C lead gen

Q. How do you perceive the difference between B2B lead generation and B2C lead generation?
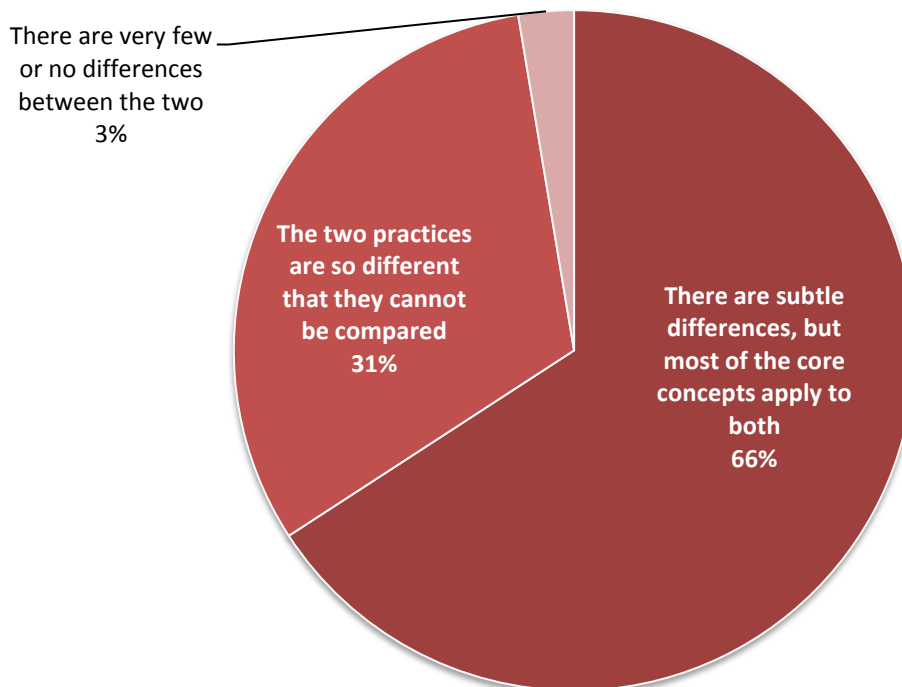
There are very few or no differences between the two
3%

The two practices are so different that they cannot be compared
31%

There are subtle differences, but most of the core concepts apply to both
66%

Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
Methodology: Fielded January 2012, N=1,915

Just because an organization isn't B2B, doesn't mean that they don't need to perfect their lead generation strategies. Plenty of B2C organizations have a complex sale with high average sale prices, long sales cycles, and multiple decision makers. For these organizations, there are few differences in the core concepts of lead generation to their B2B counterparts, as the majority of respondents (66%) agree.

About MarketingSherpa LLC

MarketingSherpa is a primary research facility, wholly-owned by MECLABS, dedicated to determining **what works in marketing** via exclusive case studies, surveys, and results data analysis. Then we publish what we learn so our community of marketers and weekly readers can improve their results and train their teams.

Praised by *The Economist*, Harvard Business School's Working Knowledge Site and Entrepreneur.com, Marketing-Sherpa is distinguished by offering **practical, results-based marketing** information researched and written by a staff of in-house reporters.

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About MECLABS

MECLABS is a science lab that uses real-world research and training to **help business leaders get better use out of sales and marketing technology and resources**, including Internet marketing, website optimization, and lead management. We have been involved in direct research partnerships with companies throughout Europe and North America since 2001.

MECLABS deploys a rigorous methodology to conduct research. This research is compiled from:

- More than **10 years** of research partnership with our clients

- **1,300** experiments

- Over **1 billion** emails

- **10,000** landing pages tested

- **5 million** telephone call

- **500,000** decision maker conversations

MECLABS has consulted with companies like Cisco, Johnson & Johnson, *The New York Times*, 1-800-Flowers, and NetSuite to optimize sales and marketing processes and achieve triple-digit ROI gains.

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- Evaluate optimal lead generation performance
- How to select the best lead generation technology and tools for 2012

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