

THE STATE OF B2B LEAD GENERATION: 2012 RESULTS



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THE STATE OF B2B LEAD GENERATION: 2012 RESULTS

INTRODUCTION

B2B lead generation is constantly evolving: lead sources, best practices, technology, and preferences all change over time. We recently conducted a survey to understand how businesses are thinking and acting on online lead gen, and how that landscape may be changing.

We were looking for insight into how B2B companies are managing the multiple lead sources available today: where are they getting leads? What tools are they using to manage them? What channels are the most popular and more valuable?

BuyerZone has 20 years of experience in the B2B marketing space, including 10 years in online lead generation. We specialize

We asked where B2B companies are getting leads, what tools they're using to manage them, and what channels are the most popular and most valuable.

in helping businesses small and large profitably drive more leads into their sales funnels, so we wanted to understand where they're succeeding and where they could be doing more.

METHODOLOGY

We gathered data through an online survey that we promoted in several ways: we emailed survey invitations to current BuyerZone clients, promoted the survey on our blog, and together with our cosponsor LeadsCouncil, issued a press release. 211 businesses completed the survey during March 2012. The respondents were about 90% BuyerZone clients, implying that they're slightly more familiar with online lead generation than a completely random sampling of US businesses.

We've presented the key findings here, and we will conduct this survey again in 2013 to measure changes over time.

WHO'S USING CRM, AND WHAT THEY ARE USING

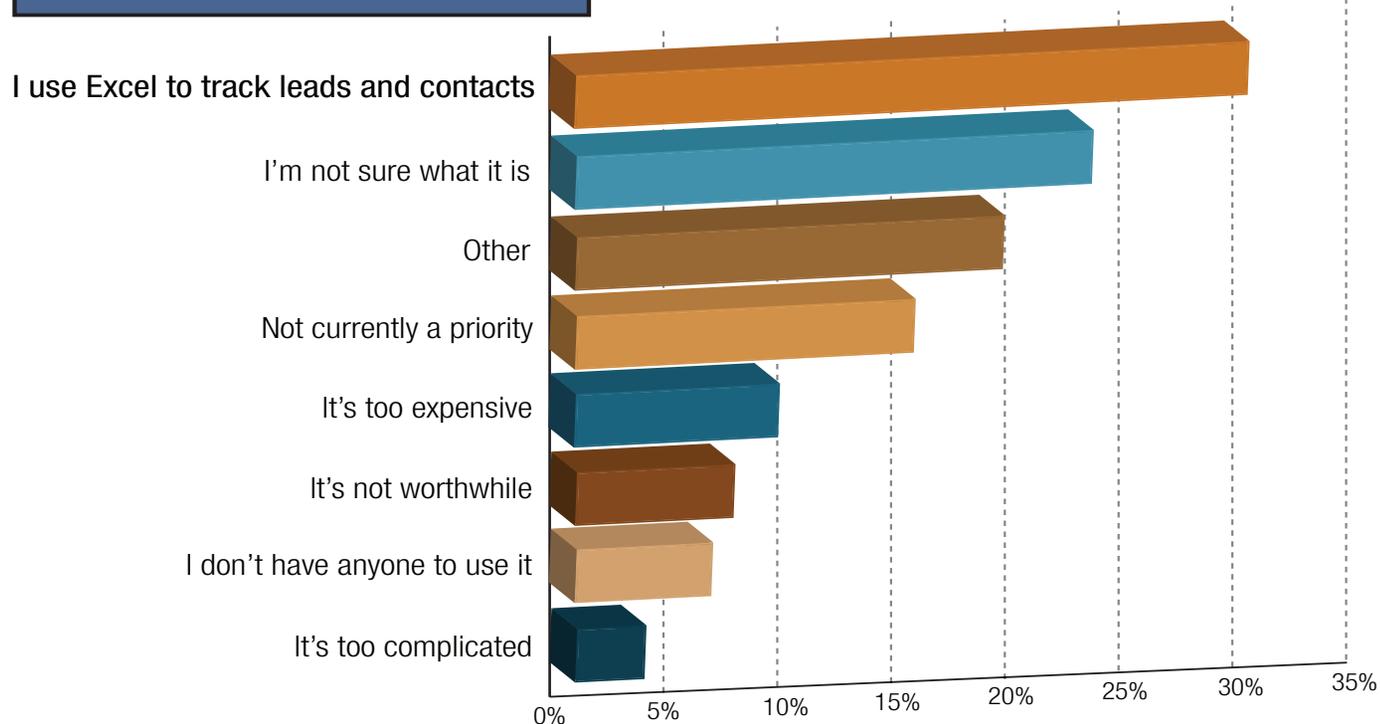
56% of our respondents are currently using customer relationship management (CRM) software to help maximize their lead gen results. That's a positive sign overall, since, as we'll see later, CRM usage does lead to better overall results with lead generation, but that leaves 44% who are not yet using CRM systems. That indicates there's still considerable room for improvement in CRM adoption.

We also asked what software businesses are using for CRM, and were a little surprised to see Salesforce.com at only about 21%

despite the substantial press it receives. This might be a case where mindshare is greater than actual market share: there is quite a wide variety of other options available. In fact, Forbes reported earlier this year that Salesforce.com has a 15% share of the overall CRM market,¹ so their results actually show a slightly more competitive marketplace.

Other popular lead tracking software included the venerable ACT! software (at about 16% usage), Goldmine, Tigerpaw, and in-house systems.

WHY AREN'T YOU USING CRM?



Almost a third (31%) of those not using dedicated CRM software are using Excel to track leads — that’s more than are using Salesforce or ACT! These individuals recognize the importance of lead tracking, but they haven’t yet made the technology leap to a dedicated package yet.

Sound familiar? You’re simply using Excel to track leads.

Using a spreadsheet to track your leads is a good first step – at least you’ve got tracking in place. But even inexpensive CRM software can make your life much easier and improve your overall results.²

24% of the business we surveyed didn’t know what CRM is. CRM isn’t a new concept in marketing circles, so it’s somewhat surprising that a quarter of these businesses aren’t familiar with it. There may be a terminology problem - some may know it as “contact management software” or another alternate label. Other marketers may not even realize that their customer database is essentially a CRM system.

Several respondents told us that their volumes are so small they don’t need CRM. However, affordable CRM software can help even the smallest business improve the results they’re getting out of their leads. One study suggests that CRM investments bring a return of \$5.60 for every dollar spent.³

Larger businesses are more likely to be using CRM than smaller ones: 78% of those with 3 or more people on their marketing team are using CRM. But even so, some mid-sized companies

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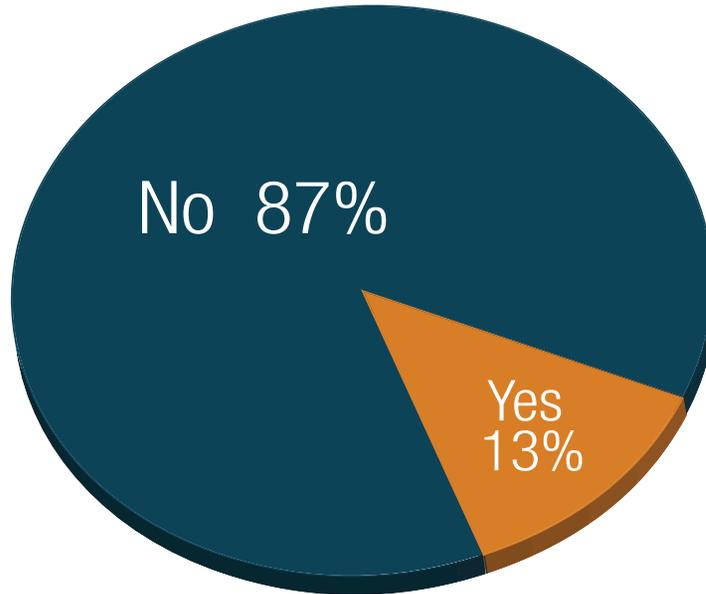
still aren’t using CRM software: 8 companies with more than 10 people on their sales teams responded that they didn’t use a CRM, and 3 of them are just using Excel. Without knowing the exact industries it’s hard to say for sure, but we suspect that many of those companies could be getting a better return on their lead gen investment if they upgraded their tools.

Our favorite free text response among the reasons for not using a CRM: “I am too lazy to learn something else.” Two points for honesty.

MARKETING AUTOMATION USAGE

Is marketing automation catching on yet? In a word — no.

DO YOU USE MARKETING AUTOMATION SOFTWARE?



Only 13% of those surveyed are currently using marketing automation — and the main reason why? They simply don't know what it is (44%).

Sound familiar? You're not sure what marketing automation is.

Marketing automation software handles what would otherwise be very time-consuming, repetitive marketing tasks. That includes drip email campaigns, marketing campaign analysis and management, buyer behavior tracking, and other features that help customize the messaging that goes out to your prospects and more effectively align your marketing and sales efforts.

To those of us inside the lead gen industry, this is a surprising stat due to the constant flow of blog posts, white papers, and articles on the topic. But if we look ahead to question 15, which asks where respondents get their online marketing info, we see that blogs (35%), industry experts (38%), and research firms (15%) — the sources that are providing this flow of information — are all fairly unpopular with this set of businesses.

There may also be a terminology problem here: if we asked the same question about 'drip email marketing,' we might get very different results because the term is more familiar to some marketers, even though the two overlap quite a bit.

The companies that *are* using marketing automation seem to be reaping benefits in a few areas.

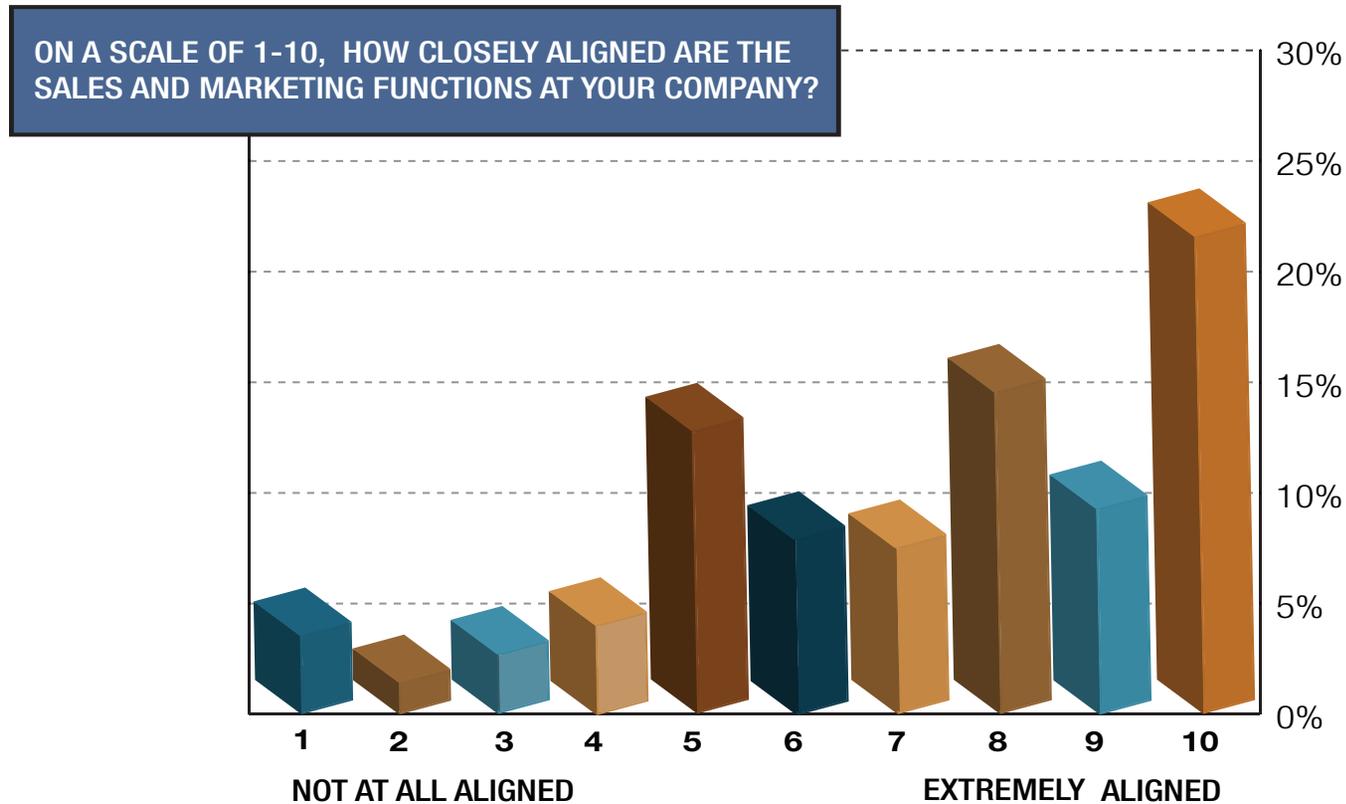
- They look to webinars and industry experts for information at a much higher rate than those who don't use MA: webinars were mentioned by 57% of MA users vs. 35% of non-users, websites by 52% vs. 32%, and industry experts by 52% vs. 36%. Non-MA users were much more likely to turn to colleagues or friends (48% to 66%.)
- Businesses using MA are able to manage more lead sources: they averaged 4.7 sources vs. the non-users' 4.1. Diversifying lead sources is good for long-term stability and helps lead buyers balance quality and quantity of leads.⁴

SALES AND MARKETING ALIGNMENT

Good alignment between sales and marketing gets everyone speaking the same language and working toward the same goals, leading to improved metrics across your sales channels, including lead volumes, conversion rates, retention, and ultimately revenue.⁵ In contrast to the marketing automation results, there's some very positive news for marketers about alignment: an overall alignment rating of 7.2 out of 10 indicates that **B2B companies understand**

the importance of getting the two teams pulling in the same direction. Even better, over a quarter of businesses rated alignment as 10 out of 10.

We see slightly better alignment among companies that are using CRM systems: 7.3 overall rating, vs. 7.0 for those who don't. Larger teams also report better alignment: companies with 2 or fewer people on their marketing teams rated alignment only 7.07, compared to 7.70 for teams larger than 2.

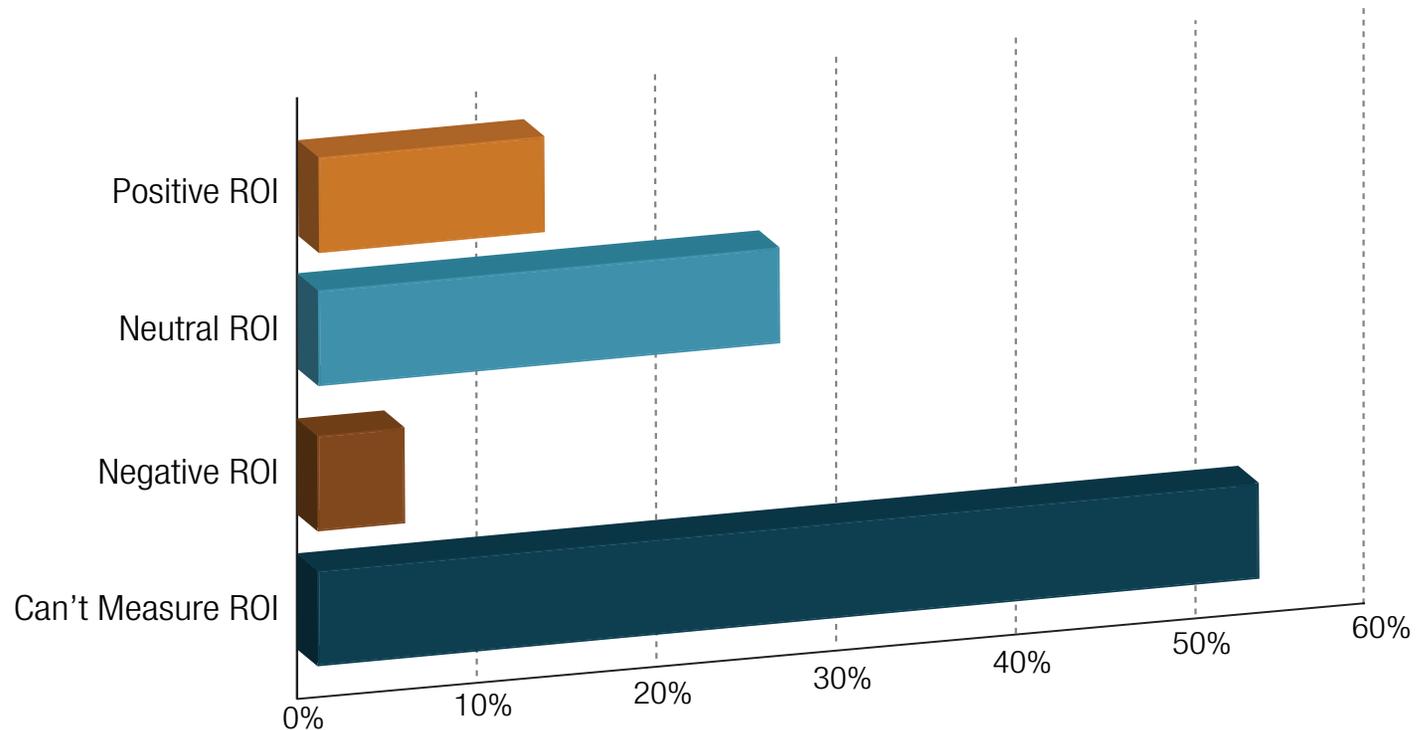


SOCIAL MEDIA FOR LEAD GEN

There's quite a bit of interest in social media among these B2B companies — but only 12% call social channels a core part of their lead generation. The majority are still experimenting: just over 50% say they're testing social media.

But there's a shocker buried in the follow up question — how companies rate the ROI on their social lead gen:

IF YOU ARE USING/TESTING SOCIAL MEDIA FOR LEAD GENERATION, HOW DO YOU RATE THE RETURN ON INVESTMENT?



Of the companies that said they're testing social media, **half say they haven't or can't measure the ROI.** They're testing, but they can't measure the results? Or they don't want to? This data raises several questions:

- If they're not measuring the results as part of their test, how will they know if it succeeds?
- If they're only looking at the sales that come through the new channel, how will they know if the effort and costs that go into social media are worth it?
- Are some of these companies in the middle of long-term testing? Depending on the sales cycle, there could definitely be a months-long delay between the start of new marketing activities and any potential closed sales, but that seems like it'd only apply to a small subset of businesses.
- Is it too technically challenging to attribute sales to social media? It could certainly be the case for businesses that don't use CRM or other tracking tools — and even for those that do, the concept of campaign influence — where a particular lead is touched by several different campaigns before converting — can confuse the picture.

Sound familiar? You're testing without measuring results.

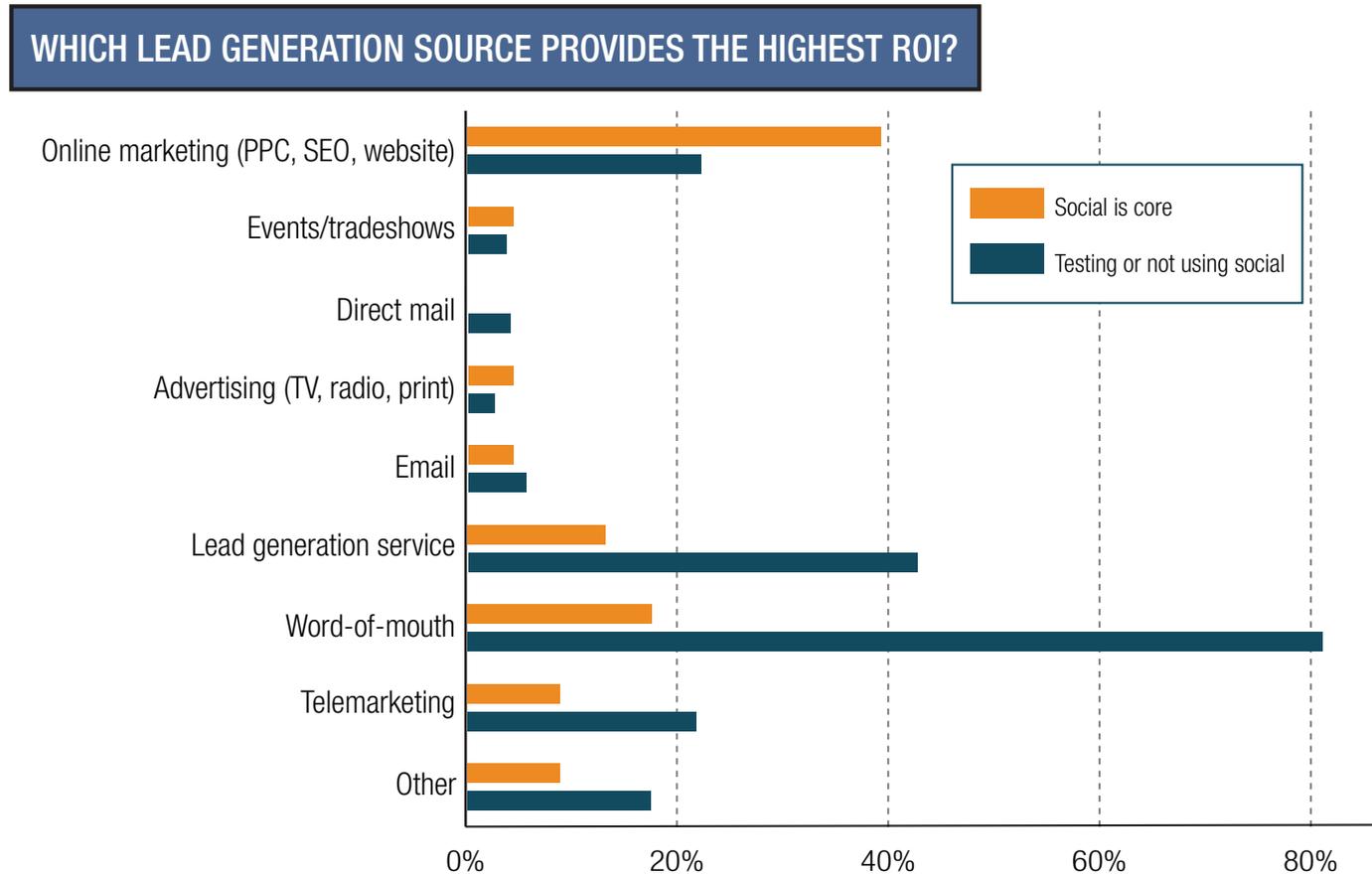
“Testing” something new in marketing should always involve clear metrics for success. Even if they're not hard numbers like revenue or inbound leads captured, defining and tracking clear metrics should be central to any new effort. If you find yourself trying something new without a clear definition of what would indicate success... stop, drop, and roll out a set of metrics you can strive for.⁶

Defining and tracking clear metrics should be central to testing any new lead generation effort.

It's also possible that some companies are using social media as part of their overall branding strategy: they just feel like they **should** be present on social media. There's nothing wrong with that approach — but it's not lead gen: it's just a small part of overall brand maintenance. And of course, even in those cases, you should be able to demonstrate some tangible benefits from your efforts — links, positive mentions, happy customers, etc.

Struggling with measuring social ROI isn't limited to small companies, either. A recent Gartner study⁷ reports that half of the largest companies in the country will be wasting money on social efforts — and according to research director Adam Sarner, “Among the companies who will not see a worthwhile return, only 20% will even have the data to evaluate where their social strategy is falling short.”

Of those who say social plays a core role in their lead gen, 92% say the ROI is positive or neutral. (Yes, that means there were two companies who said it plays a core role, but the ROI is negative or they don't have measurements.) Those companies seem to have a leading-edge marketing mentality: they're more widely accepting of new marketing channels, as shown here:

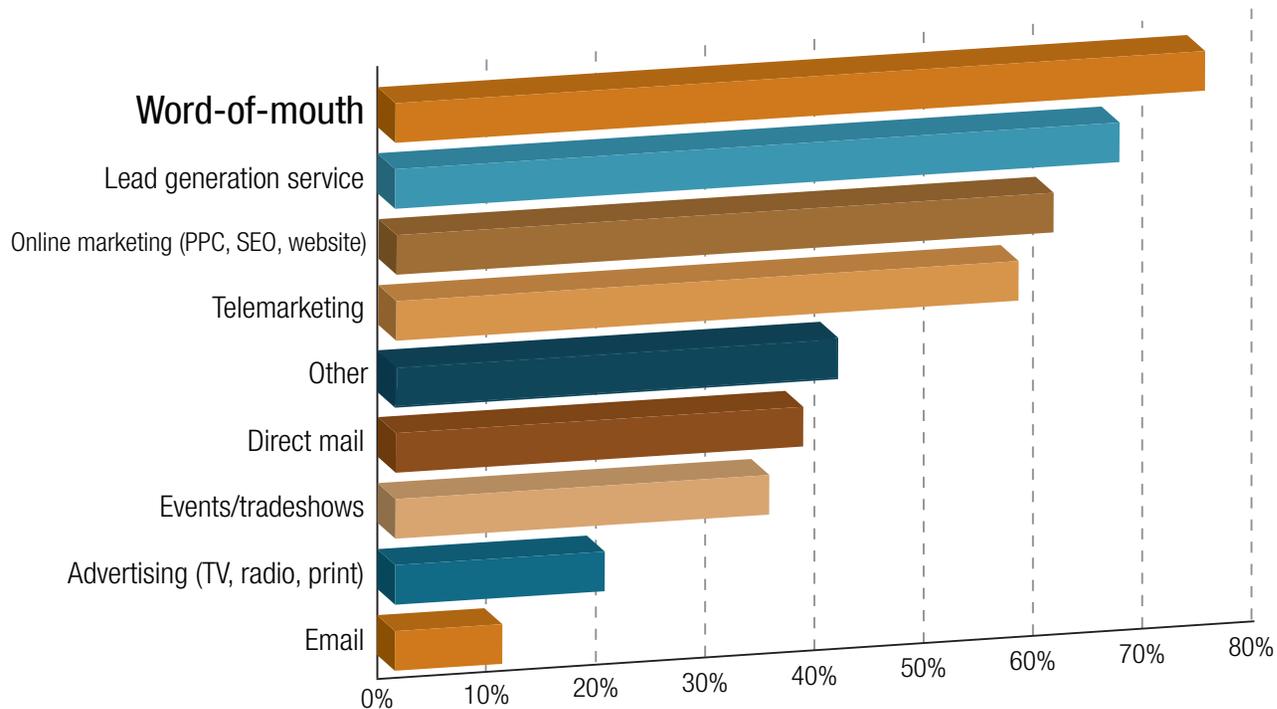


Companies that can make social media work can really make it work, though. Those who say social media is core to lead gen lean heavily towards online marketing as the most profitable channel, while the “testing” and “not using” groups rate word of mouth and lead generation services higher.

LEAD SOURCES AND VOLUMES

Overall, our B2B companies are taking advantage of a variety of lead sources: they picked an average of 4.1 sources each.

WHICH LEAD GENERATION SOURCES DO YOU CURRENTLY USE?



Word of mouth was the most popular response at 77%, which is predictable from a certain point of view: although word of mouth isn't always considered a true 'lead generation' activity, it can include multiple lead generation tactics, such as referral selling, relationship selling, and other reputation-based sales tactics. It's also a good reminder that providing great customer service is actually an important marketing tactic.

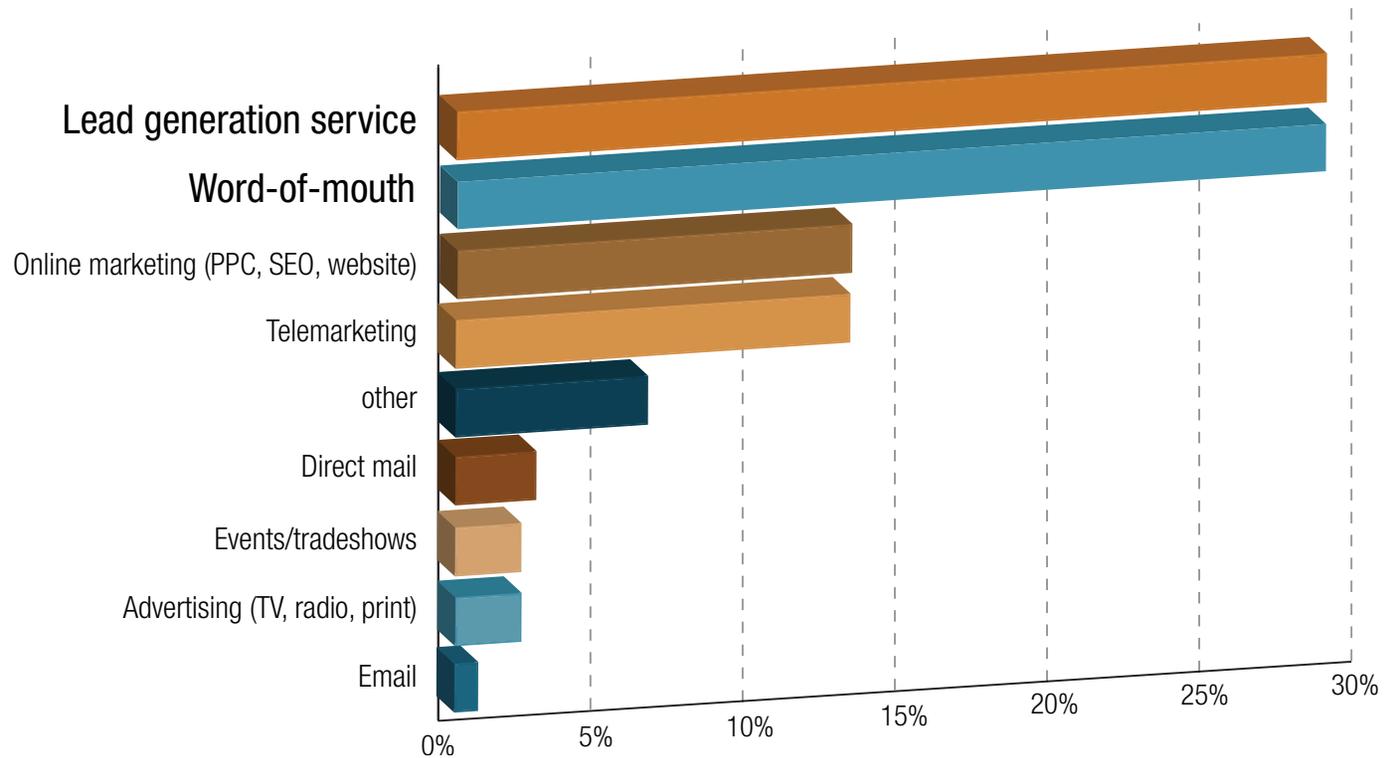
Since the survey was primarily promoted to current BuyerZone clients, we were surprised to see only 69% report using a lead generation service. Our assumption is that it's a semantics problem: some respondents were probably unfamiliar with the terminology

and selected “online marketing” or “other” to cover their BuyerZone lead channel.

There is a pretty significant drop from the top 4 options to the rest: word of mouth and the Internet-based options are all used by more than around 60% of businesses, while the rest — the more traditional channels — are all at or below 40% usage.

When it comes to which sources generate the most leads, lead generation services jump up to a tie with word of mouth:

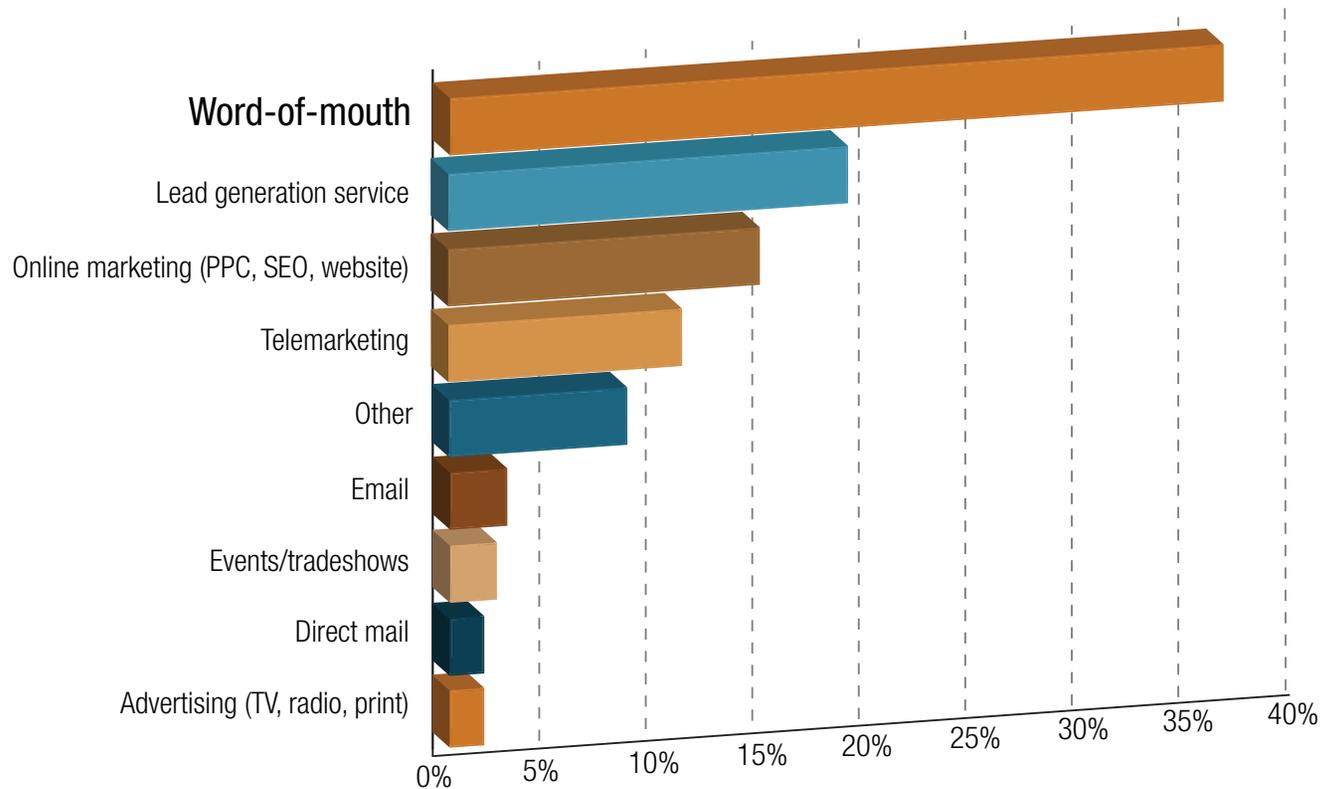
WHICH LEAD GENERATION SOURCE PROVIDES THE HIGHEST VOLUME OF LEADS?



Again, that's no surprise since most respondents are current subscribers to a lead generation service. One surprise was that email ranked last in volume, despite being one of the most widely used sources of leads in the previous question.

We also asked about ROI, to see which lead source produces the best bang for the buck.

WHICH LEAD GENERATION SOURCE PROVIDES THE HIGHEST ROI?



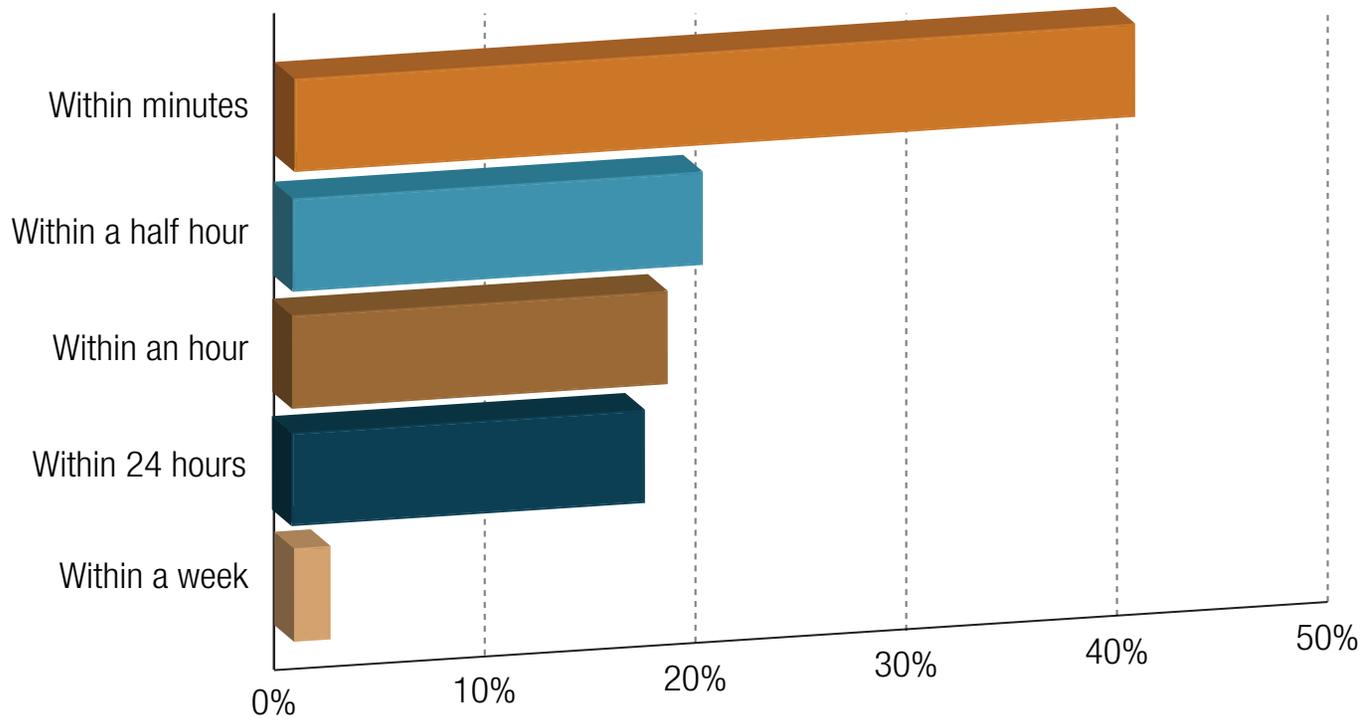
Once again, word of mouth topped the list, but since there are no direct costs associated with it, any lead you get is infinitely profitable. (Of course, to get that good word of mouth, you'll need to be investing in other areas of your business, but it's not a direct lead gen cost.) After that, online methods once again topped the responses, with lead generation services (19%) and online marketing (15%) beating out telemarketing (11%).

The lesson here is that online lead sources are providing good volume and positive ROI for B2B lead gen, compared to both traditional marketing channels and email.

LEAD RESPONSE TIMES, VOLUMES, AND BUDGETS

Response time was very strong overall in our survey, with 41% of companies saying they respond to leads within minutes, and 80% saying they respond within an hour.

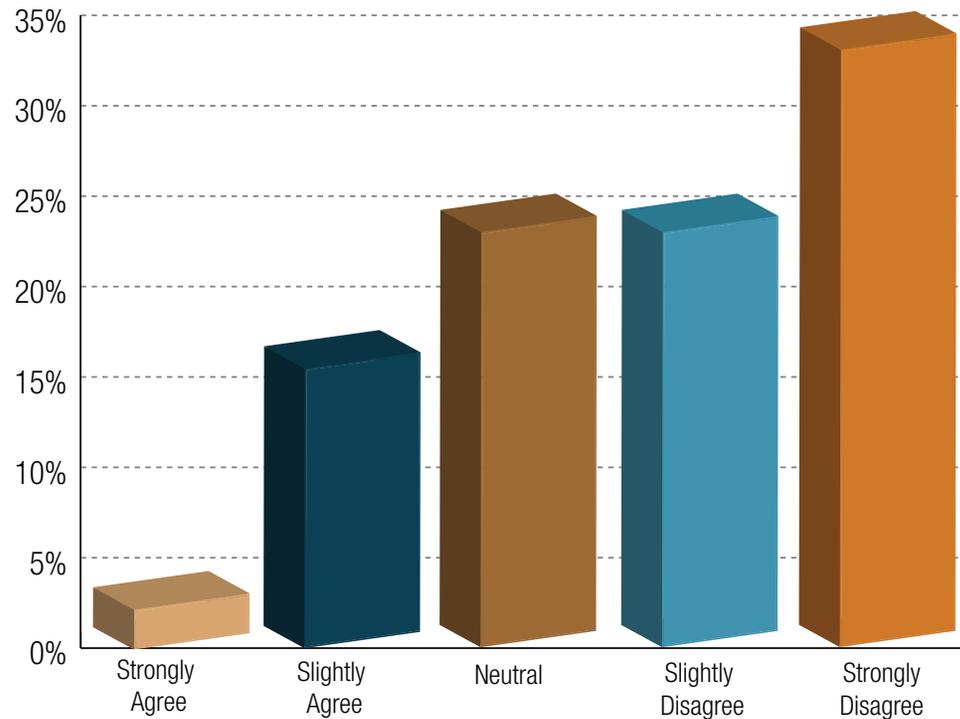
HOW QUICKLY DOES YOUR COMPANY RESPOND TO INBOUND LEADS?



The importance of speed to call in lead gen can hardly be overstated,^{8,9} especially when leads are actively comparing multiple potential vendors. The emphasis on contact in the first 60 minutes says to us that this group of companies is fairly savvy when it comes to getting the most out of their lead gen investment.

When it comes to the amount of leads generated, few companies are satisfied.

AGREE OR DISAGREE: OVERALL, YOU'RE GETTING ENOUGH LEADS.

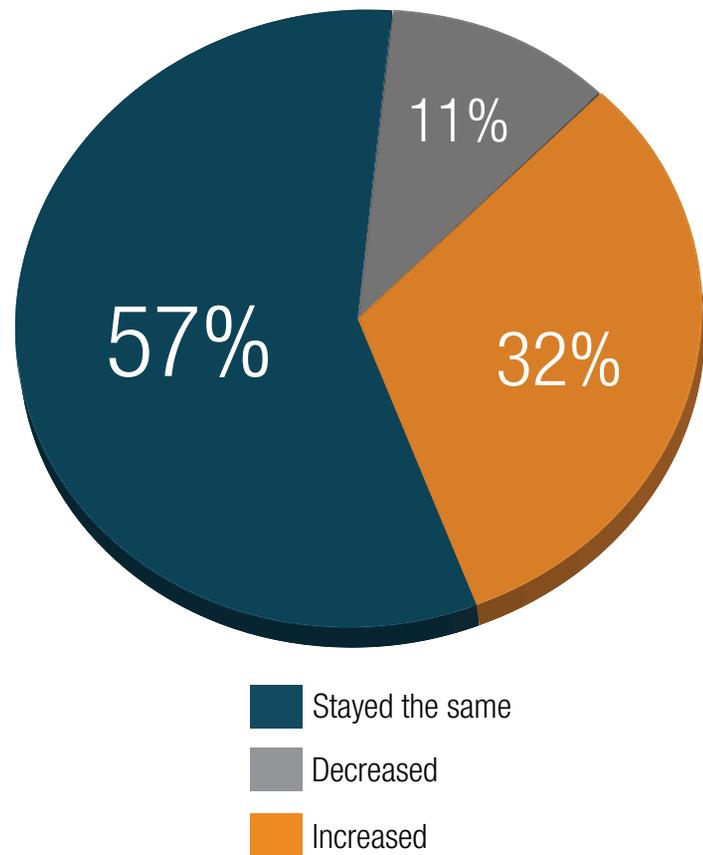


58% of these businesses feel like they need more leads — and that's no surprise, especially in an economy that's still trying to recover its momentum from several years of recession.

Finally, we asked about budgets.

The responses look very similar for general marketing budgets and lead generation budgets, although a handful of respondents (7%) have no dedicated lead gen budget at all. (In some cases, it could be just part of their general marketing budget and not broken out separately.) While budgets are subject to a wide range of internal and external pressures, it's still encouraging to see 89% of these businesses are increasing or keeping their marketing budgets the same.

DID YOUR MARKETING BUDGET INCREASE OR DECREASE FROM 2011 TO 2012?



SO WHAT DOES IT ALL MEAN?

There are a few key points B2B marketers should take away from this data.

1. Using the right tools for the job can make a difference in your overall results.

In our survey, companies using CRM:

- reported **better marketing/sales alignment** (7.31 to 6.99)
- used a **wider variety of lead sources** (4.47 to 3.71)
- were **more likely to be using or testing social media** (74% to 50%)
- **spent more on marketing** from 2011 to 2012 (34% to 29%)

This data shows us that usage of a CRM can improve results at B2B companies, both for lead gen specifically and for overall marketing and sales results.

2. Marketing automation would be more widely adopted — if only more marketers were aware of what it could offer them.

Admittedly the sample size is quite small, but MA users:

- saw **better budget results**: 86% increased or stayed the same from '11 to '12, vs. 79% of those not using MA
- are **happier with the volume** of leads they're receiving (32% vs 16% agree or strongly agree) **and quality** of those leads (32% vs 20%) than non-users.
- **are more likely to be testing or using social** for lead gen: only 21% say they're not using social, vs. 39% of non-MA. (They're not doing any better on ROI, though.)

There appears to be a gap between larger, more marketing-savvy companies and smaller firms that haven't yet developed in-house marketing expertise.

The benefits are tangible - but adoption is still quite small. The challenge that we see is that marketers aren't familiar enough with the competitive advantage they can gain from MA (and CRM).

One data point that stands out is that MA users actually rate their marketing and sales alignment lower than average: 6.96, vs. the non-MA users at 7.20. This may be due to increased scrutiny: while implementing MA, companies may discover that processes they thought were in perfect alignment aren't quite where they'd hoped. Of course that's not all bad, either, as realizing and diagnosing the problem is good for long term prospects.

3. Some companies just 'get it' — others are still learning.

There appears to be a gap between larger, more marketing-savvy companies and smaller firms that haven't yet developed in-house marketing expertise. According to LeadsCouncil's Michael Ferree,

“The B2B sector consists of a lot of small buyers that likely have multiple responsibilities including marketing, sales, and installation. Because of this, they aren’t as knowledgeable about industry best practices or how certain technologies can make an impact on the growth of their company. Many simply don’t know what options they may have.”

We then looked at a few potential indicators of a more sophisticated or active marketing department:

- Companies where **social media is core** to lead generation rated marketing/sales alignment at 8.13 vs. 7.03 for others. They also saw marketing budgets increase at much higher rates than others: 62% reported increases from ‘11 to ‘12, vs. just 28% of other businesses.
- Companies that **respond to inbound leads in minutes** rate alignment 7.82 vs. 7.03 for others.
- Companies that **use the largest number of lead sources** also rate alignment highly — 7.68 vs 7.21 — and added more to their budgets, with 41% of the those with many lead sources reporting increases and only 5% decreases, vs. 30% who reported an increase and 12% a decrease.

For any business that wants to improve their overall marketing and sales results, there are some clear next steps forward: using the modern software tools, measuring carefully and tracking ROI, and learning from the companies that are doing it already can all improve online lead generation results.

If you’d like any more information or have questions, please contact us at content@buyerzone.com

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