



2010 Lead Generation Marketing ROI Study

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ACCELERATED B2B LEAD GENERATION - ON DEMAND

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Introduction and Research Methodology

The 2010 Lead Generation Marketing ROI study was conducted by Lenskold Group and sponsored by emedia. The results are drawn from 231 respondents out of 645 surveys who indicated that they were marketing practitioners in B2B companies (half or more of their revenues generated from business customers), whose marketing group generates leads for a sales organization or channel partners. Surveys were conducted via online survey with MarketingProfs members as a module within the [2010 Lenskold Group Marketing ROI & Measurements Study](#).

Survey integrity is an important part of our research design. Invitations to participate in the survey were sent to a random sample of MarketingProfs' 350,000+ member base, which is one of the largest global populations of marketing professionals. Surveys are not distributed via online postings, e-mail, forums, or personal recruitment to avoid bias and maintain consistency with the sampling approach used for six consecutive years. The large sample size allows for analysis of smaller segments and to report all findings at or above the 95% confidence level. Results are analyzed and reported only for marketing practitioners with a separate analysis of differences from consultants, agencies and academics to provide firsthand insight into company practices.

Our sincere gratitude goes out to the team at MarketingProfs who worked with us to conduct this survey with their member base.



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Access free charts and graphs at www.lenskold.com/LeadGenROI_2010.

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Note on survey results: A total of 231 participants qualified for this module of the survey with completed surveys; however, since responses to every question were not required, participants could choose to skip some questions. Therefore the base of responses varies by question even though all participants were presented with the opportunity to answer all questions. “Don’t know” responses were removed from the percentages reported unless noted.

Executive Summary

This 2010 research study with B2B lead generation marketers explored practices and priorities for using measurements and return on investment (ROI) to improve marketing effectiveness. In addition to general findings, select segments were analyzed to understand the characteristics of firms outgrowing their competitors, those with highly effective and efficient marketing, and marketers using ROI metrics to assess marketing effectiveness. The general responses and unique differences among these higher performing companies reveals a number of key findings that can help marketers improve their own performance.

Lead generation marketers are challenged to make a case for more budget, yet good profit potential exists

Most lead generation marketers are clearly not ready for the question from the CEO or CFO, “If I increase your marketing budget by 10%, how much can you increase the profits returned from lead generation marketing?” Almost half (44%) responded “don’t know” while another 9% expected no major change in profits generated. Looking just at those marketers who have enough information to project the profit potential, almost 6 in 10 indicate they could deliver a profit increase of more than 10% with a 10% budget increase.

Marketers who are using marketing ROI metrics to measure at least some of their campaigns are more likely to indicate they can generate 10% or more profits (42% compared to just 23% of marketers using only non-financial marketing metrics). A top tier segment of marketers that indicated they have highly effective and efficient marketing were clearly prepared as they were much less likely to report “don’t know” (only 10% vs. 48% of all other marketers) and were more likely to report having profit potential in excess of 10% (65% vs. 28% of all other marketers).

Lead tracking and measurements favor lead quantity and last touch attribution

Lead quantity is most frequently tracked and measured to manage lead marketing performance, reported by two-thirds (67%), followed by lead quality based on sales conversion rates, reported by just over half (53%). The study explored lead quality measurements in more depth. In addition to tracking lead quality based on sales conversion rates, roughly one-third indicate they track lead quality based on revenue generated from the initial sale (38%), lead quality based on sales acceptance (33%), and lead quality based on total customer revenue over time (32%).

Measuring lead quality requires feedback from the sales organization ranging from initial sales acceptance of the leads passed from marketing, to sales conversion rates and customer revenue. Tracking and measuring leads based on sales conversion rate provides valuable feedback to the marketing organization to concentrate strategies and budget on leads that generate revenue to produce ROI. The combination of measurements for both lead quality and quantity, especially if customer revenue is also tracked, allows companies to manage marketing effectiveness and efficiency. In fact, the top tier of marketers describing their marketing as

highly effective and efficient are more likely to report tracking and measurements for lead quality based on customer revenue from the initial sale (70% vs. 35% of all others) and lead quality based on total customer revenue over time (55% vs. 30% of all others).

Measurement precision is based primarily on crediting the last marketing touchpoint as the lead source, reported by roughly 4 in 10 (39%). Only 13% use more sophisticated techniques of market testing or modeling to identify the lift of specific lead generation tactics. The use of market testing jumps significantly for the segment of highly effective and efficient marketers (30% vs. 8% of all others).

Improving effectiveness requires insight into the basics of lead conversion to sales, lift in repeat purchases, and identifying the most effective tactics

Marketers list improvement in tracking lead conversions to sales as the top priority for improving overall marketing effectiveness, reported by 27%. This is followed by the broad need to identify the most effective lead acquisition channels (24%). Similar top choices were selected to improve effectiveness of marketing to existing customers, with respondents indicating the need to improve measures that show lift in repeat sales and retention (25%) along with the broad need to identify the most effective current customer tactics (22%).

Tactics that engage and educate are considered most effective in driving quality leads, but balancing these with sales-driven offers shows high potential

When asked to rate the effectiveness of their marketing based on driving high value leads likely to convert to sales, the type of marketing that received the most above-average ratings was engaging customers through educational webinars and seminars (52%). Engaging contacts with e-newsletters, product trials, and ebooks/white papers followed. These top choices were considered more effective at driving quality leads than more “promotional” marketing tactics such as generating leads through promotional marketing collateral, motivating responses with offers and incentives, and generating leads with limited-time discounts and offers.

The top tier segment with highly effective and efficient marketing naturally rated their effectiveness higher for many different types of tactics but showed the most significant jumps in engaging and educating customers with product trials, generating sales leads with limited-time discounts and offers, and engaging new contacts with interactive tools such as apps, calculators or widgets. It’s interesting to see that the differences tend to be with initiatives that are slightly more sales-oriented. These findings may suggest that achieving the right balance between educational tactics, promotional offers, and customer engagement is necessary to command higher performance.

Marketers rank lead nurturing highest as under-funded relative to value potential

In addition to revealing what is currently effective, the research study also identified where marketing was underfunded relative to the potential value that could be generated. Overall, B2B

lead generation marketers were most likely to rate nurturing stalled leads as under-funded relative to potential value (52%). This untapped potential is interesting since stalled leads have the positive of being more engaged than new prospects and the negative of being not yet ready to buy – increasing the importance to carefully assess the ROI potential of lead nurturing programs. Marketers also indicated that generating new leads and generating new lead volume were areas where funding was too low relative to the value potential. Fifteen percent (15%) of marketers indicated that funding for generating new lead volume was actually too high than the value potential, indicating that quantity objectives may not be balanced with lead quality.

Marketers using ROI metrics were more likely to rate all types of marketing as under-funded relative to the value potential when compared to marketers using only non-financial metrics to assess marketing. Nurturing stalled leads also ranked highest for this group followed by conditioning leads to improve the average value per closed customer.

Marketing ROI adoption holds steady; still tied to growth and high effectiveness/efficiency

The portion of marketers that indicate they use marketing ROI or similar profitability metrics to assess marketing effectiveness for at least some of their marketing campaigns/investments continues to hold steady over the past three years at roughly one in four (27%). While adoption of ROI metrics holds steady, more than half of lead gen marketers (51%) reported their organization has somewhat or very much improved its ability to measure marketing ROI over the past year.

B2B lead generation marketers using ROI metrics are more likely to be outgrowing competitors (22% vs. 10% all others), are more likely to report having highly effective and efficient marketing (20% vs. 5% of all others), and are more likely to generate more than 10% increase in profits with a 10% increase in lead generation marketing budget. This group is very attentive to lead quality, reports tendencies to deploy more sophisticated measurement and tracking capabilities, and is more likely to generate 10% or greater incremental profits with a 10% budget increase.

Conclusion

There is untapped opportunity for lead generation marketers to improve their effectiveness and efficiency. Marketers are reporting areas of effectiveness that include engagement and education, along with promotional marketing. And there is additional value for under-funded initiatives such as nurturing. Better feedback on lead quality and better measurements are necessary to generate high performance and growth. In order to win support to pursue these untapped opportunities, more marketers need to be prepared to answer the question “how much can you increase profits with an increase in your lead generation marketing budget?”

Lenskold Group Recommendations

The following recommendations are presented to convert the learning from these research findings into actions that can be applied by most lead generation marketing organizations.

1. Use new insights on key metrics to guide marketing performance

Lead generation success is dependent on managing quantity to meet objectives, but as lead quality improves, fewer leads are needed to meet those sales volumes and revenue targets.

Key metrics that align to business goals and therefore work well to guide marketing effectiveness are 1) incremental sales from marketing leads (driven by lead quantity and sales conversion rates), 2) incremental customer value (revenue or ideally profit from purchases over time, or the initial purchase if that is the only data available), and 3) cost per sale.

Tracking lead outcomes within an internal sales organization is typically possible with even basic automation, provided there is a cooperative sales team capturing and feeding back the necessary information. The task becomes more challenging when selling through external channel partners that may not be required or willing to provide feedback. This requires a matching process (leads to closed sales) or a more advanced analysis.

2. Align and integrate education, engagement, and promotional marketing

Educating and engaging potential and existing customers is a powerful approach to generating leads. Lead generation marketers with limited tracking and measurements in place run the risk of over-emphasizing customer engagement without insight into how that translates to more and better sales. The research found that the highly effective and efficient segment reports greater effectiveness with more sales-oriented marketing. This insight should lead marketers to look closer at their balance between education, engagement and promotional marketing. Each plays an important role in the demand generation portion of the purchase funnel. Education and engagement through content such as white papers or e-newsletters can create interest, increase purchase intention, and also condition the contacts so that marketing tactics that follow with limited time offers, product trials, and unique apps are more effective at converting viable leads.

To better understand the strengths of diverse tactics and how integration can improve effectiveness, marketers must have measurements in place and engage in forms of experimentation.

3. Measure beyond the last touch attribution

Measurements that compare the effectiveness of lead generation marketing based on attributing the lead to the last marketing touchpoint are certainly acceptable, despite having limitations. When marketers use the last touch attribution while tracking key metrics such as sales conversion rates and customer value, it provides at least a comparative analysis of tactics and

an indication of whether marketing performance is effectively delivering the right leads that can convert into revenue. But it is important to recognize that this approach will attribute too much credit to certain types of tactics and under-attribute credit to others.

As reported in prior year research studies, market testing is under-utilized as a low cost measurement that can better assess the incremental lift of specific tactics within a multi-touch marketing and sales environment. Only 10% of lead generation marketers cited this as their highest level of measurement. Modeling to identify the contribution of individual tactics as well as interaction effects is a more sophisticated methodology that can have significant payback for organizations with moderate to large marketing budgets (selected by just 3%).

4. Identify untapped profit opportunities for improving effectiveness

There are two primary sources for untapped profit opportunities: 1) understand your current weaknesses in the purchase cycle to close those gaps, or 2) identify more effective alternatives to current marketing initiatives. In either case, you need some form of tracking or measurement combined with new strategies to test or assess. The more variation of marketing strategies and tactics that are implemented and measured, the faster marketers can identify better alternatives. Variation can include changes as diverse as targeting, nurturing frequency, education strategies, tactic combinations, new media channels, and much more. This form of experimentation is run on a small scale until results are proven. The insights provide a base of knowledge for where additional marketing investment can generate positive returns.

5. Invest in lead generation marketing and benefit from the increased profits

B2B lead generation marketers that have the benefit of tracking and measurements have clearly indicated that incremental profits can be generated with increased budget. Marketers must be constantly testing and measuring new lead generation tactics in order to demonstrate this potential to management. Keep in mind that perfect information is typically not required and that budget requests can initially be made on a small scale.

With better insights into the effectiveness of current marketing at driving quality leads and where untapped profit potential exists, marketers can address the question of how additional budget can generate profits. In fact, with insight from better measurements, testing, and ROI analyses, lead generation marketers can proactively present their business case for additional funding.

Highly effective lead generation campaigns, supported with ROI projections and measurements, will provide you and management with an understanding of what's required to deliver profitable returns, including the required performance in the sales pipeline. For a basic ROI tool to build a business case based on key metrics, visit www.lenskold.com/LeadGenROI_2010.

emedia Sponsor Commentary

emedia Lead Generation is proud to have helped bring this original research to the lead generation community, and would like to thank Lenskold Group for its efforts and dedication to our area of expertise. We recognize that a better understanding and use of marketing analytics and ROI for lead generation guides greater performance, enhancing the B2B lead generation process.

For well over a decade, emedia has provided its client base with an accelerated path for acquiring leads. Ensuring both lead quantity and lead quality, emedia executes on Guaranteed Cost-per-Lead campaigns, maximizing the value of the client's own targeted offers. With emedia, measurement-oriented marketers have the confidence they'll hit their numbers and the conversion rates to keep them coming back.

The results from the 2010 Lead Generation ROI Study support marketers in their everyday practices. Responses reveal concrete findings that offer confidence to senior staff and significant messages for the marketer in the trenches. From the perspective of lead acquisition, the report provides the following noteworthy conclusions:

- 1. There is a correlation between adoption of tracking/ROI measurements and lead generation marketing effectiveness.** ROI Metrics allow both marketers and executives to see how additional budget impacts incremental returns. Many tactics such as e-newsletters, e-bulletins, white papers, and ebooks are highly trackable – not only providing insight into leads that convert to sales and revenue, but also tracking that shows prospect engagement and how that ultimately contributes to future lead conversion efforts.

The most effective marketers implement tracking and measurement, many assessing the impact of multiple touchpoints working together to drive quality leads. This group also recognizes that incremental lead generation budget can be implemented to drive increased profits and ROI. Ultimately, these highly effective and efficient marketers are best positioned to generate high growth.

- 2. Increases in lead generation budget have the powerful potential to increase profits.** The most confident, measurement-oriented marketers support the ability to increase profits with increased lead generation budget. Most marketers strive to emulate best-of-breed marketers who support their initiatives with ROI programs,

analytics, tracking and measurement. Marketers can build confidence with their executives by experimenting with marketing to identify where high profit potential exists. Many online marketing initiatives offer the opportunity for testing and measuring variations to guide targeting, tactics, and integration for their lead generation marketing. The metrics of best-of-breed marketers consistently reveal the strategies that make their lead generation worth the spend.

3. White papers and ebooks can contribute in multiple stages of the funnel.

Tactics that drive valuable awareness and intent – and help improve the effectiveness of other tactics – are more difficult to assess without the advanced measurement techniques that just a small portion of marketers are using. In our experience at emedia, white papers and ebooks are often used to fill the lead funnel, i.e. acquire new leads, while Webinars, trials, and offers are used to convert these engaged leads into sales opportunities. In addition, white papers and ebooks may be the most effective collateral for hard-pressed audiences with limited time to devote to more involving, time-consuming offers. In parallel, Webinars and product trials tend to command significant Cost-per-Lead premiums over white papers/ebooks as lead generation offers – i.e they may cost more to create and promote.

The research study found that the highly effective and efficient marketers are using a combination of educational/engagement marketing and promotional marketing. Marketers interested in improving their performance must design their measurements to properly assess the strengths of these different types of tactics working together.

4. Marketers should never cease acquiring new leads. In addition, there is value in focusing a part of your lead generation activities on prospects within your funnel – including past customers.

But in order to execute efficient and effective marketing, contribute to organizational growth, and acquire leads that convert to sales, marketers must focus on quality. Lead quality starts with the initial marketing to educate and engage prospects, increasing future conversion rates and revenue potential. With good tracking and measurement practices of lead generation effectiveness, marketers can identify prime sales opportunities and maximize the impact of their lead generation budgets. This best practice approach fine tunes lead generation strategies and helps improve overall results.

Detailed Findings

The survey results were analyzed for marketing practitioners that indicate half or more of their marketing is business-to-businesses (B2B) and that their marketing generates leads for an internal sales organization or external channel partners. Throughout the detailed findings, the results include an analysis of key segments to present deeper insights into the characteristics that differentiate ROI practices, performance and growth.

The following segments, defined by survey responses, were used for the deeper analysis:

- Companies outgrowing their competitors were compared to companies that reported the same or slower growth (see Figure 1).
- Highly effective and efficient organizations, representing just the 9% of “top-tier” marketers were compared to all others (see Figure 2).
- Marketers that use marketing ROI metrics to assess campaign effectiveness were compared to marketers that use only traditional, non-financial metrics (see Figure 3).

Figure 1: Growth Relative to Competitors

How would you describe your firm's expected growth in the upcoming year relative to your primary competitors? (n =231, percentages include don't know responses)

	2010
Much greater growth than our primary competitors	13%
Somewhat greater growth than our primary competitors	47%
About the same growth as our primary competitors	31%
Somewhat slower growth than our primary competitors	7%
Much slower growth than our primary competitors	2%

Figure 2: Profit Potential with Budget Increase

Which statement best describes your marketing effectiveness and efficiency? (n =231)

	2010
Highly effective and efficient	9%
Somewhat effective and efficient	53%
Somewhat effective but not efficient	27%
No clear read on effectiveness or efficiency	6%
Not effective or efficient	5%

Figure 3: Use of ROI Metrics

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n =231)

	2010
Yes, we calculate ROI, net present value (NPV), or other profitability metrics for at least some of our marketing campaigns/investments.	26%
Somewhat, we calculate some financial metrics such as cost per lead and cost per sale but not profitability metrics such as ROI and NPV.	42%
No, we use traditional marketing metrics but not financial metrics.	29%
Don't know	3%

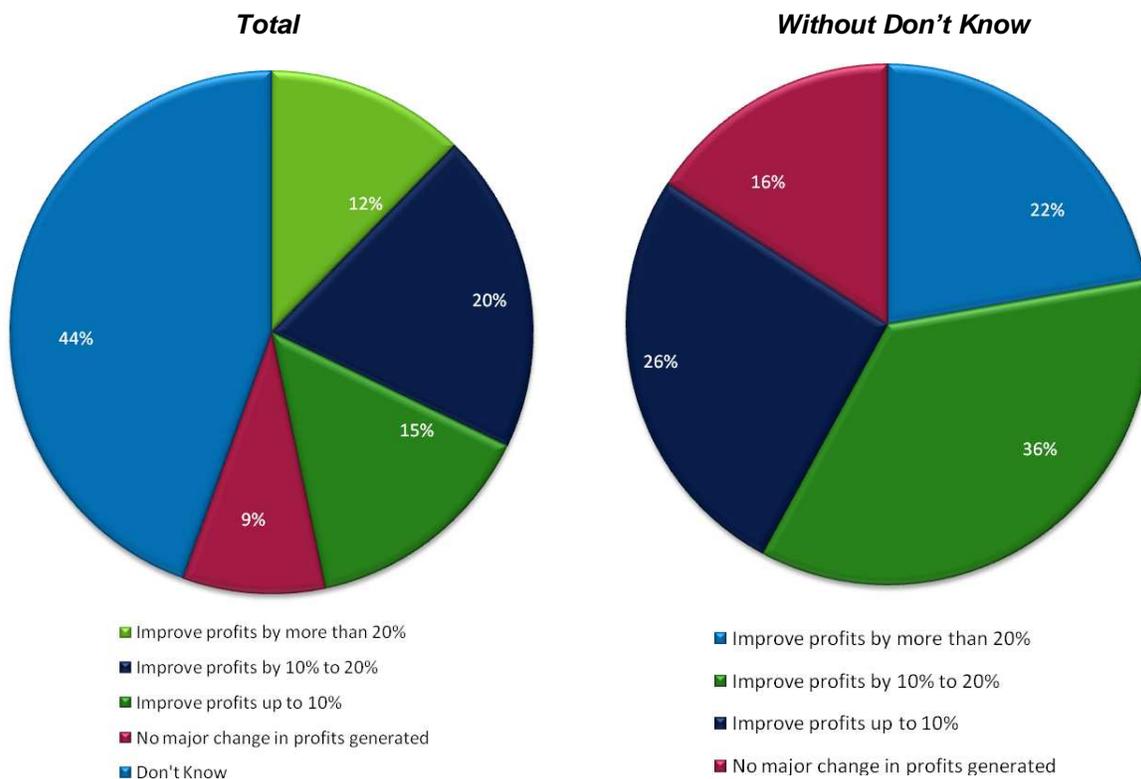
1. Knowing Where Profit Potential Exists

Lead generation marketers were asked how much they could increase profits with a 10% increase in budget. As shown in Figure 4, an astounding 44% reported they did not know and another 9% of the total indicated they could not generate any major change in profits with additional budget. Of the portion that could offer a response other than “don’t know” (56% of the total), the majority believed they could increase profits by more than 10% (a combined 58%) and another 26% could increase profits by up to 10%.

The results show two important findings. First, those marketers that know they can deliver profits need to demonstrate the potential impact of their lead generation marketing and build confidence with management to earn the budget increase. Second, firms that cannot respond with an estimate of profit potential need to build the insights necessary to address this question since the reverse question of “how much profit will be lost with a decrease in budget?” is a more likely scenario. Other marketers are showing high profit potential from their lead generation marketing so it is critical to implement tracking and measurements so both marketers and executives know how additional budget can drive incremental profits.

Figure 4: Profit Potential with Budget Increase

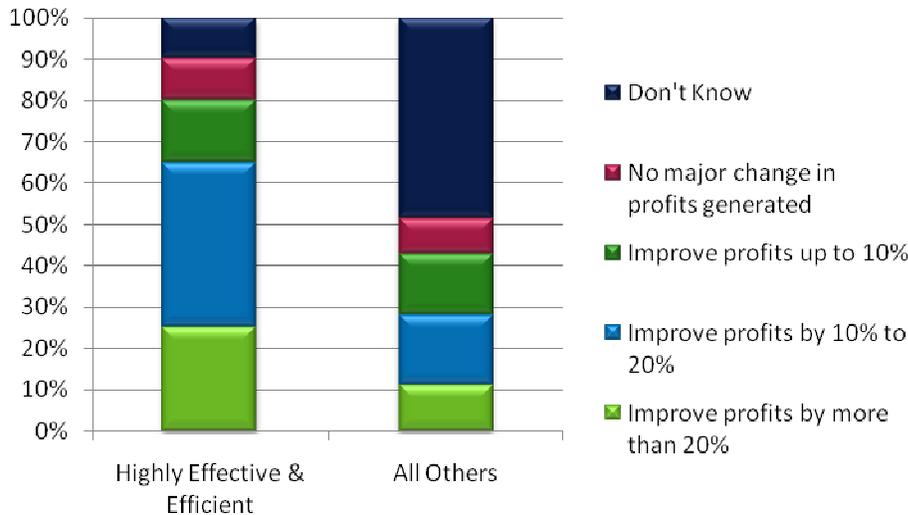
If your lead generation marketing budget were increased by 10%, how much could you increase the profits returned from lead generation? (n =227)



As one might expect, highly effective and efficient marketers reported dramatic differences from other marketers. The most significant difference is that just one out of ten highly effective and efficient marketers (10%) reported they “don’t know” how much profits they can generate with a 10% budget increase compared to half of all other marketers (48%) indicating the same. The highly effective and efficient group was also more inclined to indicate they have the potential to increase profits by more than 10% (65% vs. 28% compared to other marketers). See Figure 5.

Figure 5: Profit Potential with Budget Increase –Highly Effective & Efficient vs. All Others

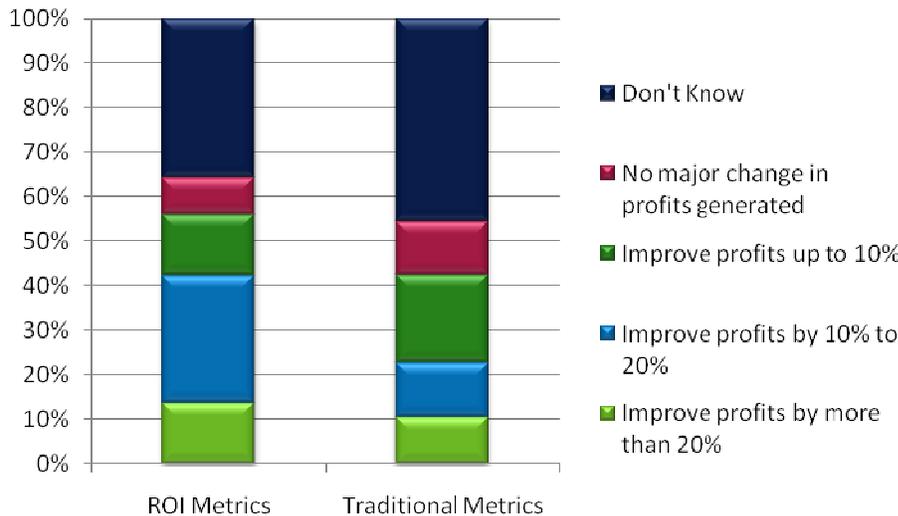
If your lead generation marketing budget were increased by 10%, how much could you increase the profits returned from lead generation? (n = 20, 255)



Forty-two percent of marketers that use marketing ROI metrics indicate they can improve profits by more than 10% if provided a 10% increase in their lead generation budget, which compares to 23% of those companies that only use traditional, non-financial metrics (see Figure 6).

Figure 6: Profit Potential with Budget Increase – ROI Metrics Users vs. Traditional Metrics Users

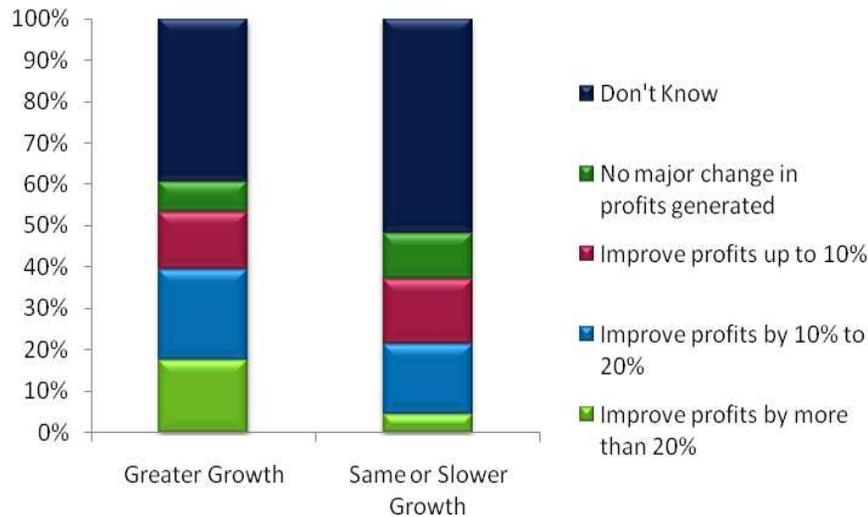
If your lead generation marketing budget were increased by 10%, how much could you increase the profits returned from lead generation? (n = 59, 66)



Companies reporting greater growth were more likely to indicate a 10% budget can increase profits by 20% or more compared to organizations reporting same or slower growth (18% vs. 4% as shown in Figure 7).

Figure 7: Profit Potential with Budget Increase – High Growth vs. Same/Slower Growth

If your lead generation marketing budget were increased by 10%, how much could you increase the profits returned from lead generation? (n = 59, 66)



Profit potential was further explored with a question that asked respondents to rate how their current budget levels for six different areas of lead generation marketing compared to the potential value that could be achieved for each. The 5-point rating scale ranged from "1" indicating the budget level was far too low relative to the value potential to "5" indicating the budget level was far too high relative to the value potential. Responses were analyzed by comparing the bottom 2 ratings, which indicate that additional funding can tap into higher value potential, for each of the six areas of lead generation marketing.

As shown in Figure 8, the highest profit potential lies with nurturing stalled leads, reported by 58% of lead generation marketers. Close to half indicated that all other areas examined also have untapped profit potential. This is very consistent with the results of 2009 where nurturing also topped the list.

Figure 8: Areas with Untapped Profit Potential

Relative to the potential value that could be achieved, how would you describe the budget levels for each of the following areas of lead generation marketing? Please use a scale of 1 to 5 where "1" indicates the budget level is far too low relative to the value potential and where "5" indicates the budget level is far too high relative to the value potential? (n = 316, 228)

	2009	2010
Nurturing stalled leads	55%	58%
Conditioning leads to improve the average value per closed customer	47%	48%
Decreasing the time from new lead to close sale for shorter sales cycles	44%	48%
Generating quality leads	47%	48%
Generating new lead volume	41%	47%
Improving sales conversion rates	41%	44%

(Source for 2009: MarketingProfs 2009 B-to-B Lead Generation Marketing ROI & Performance Evaluation Study available at www.lenskold.com/content/papers.html)

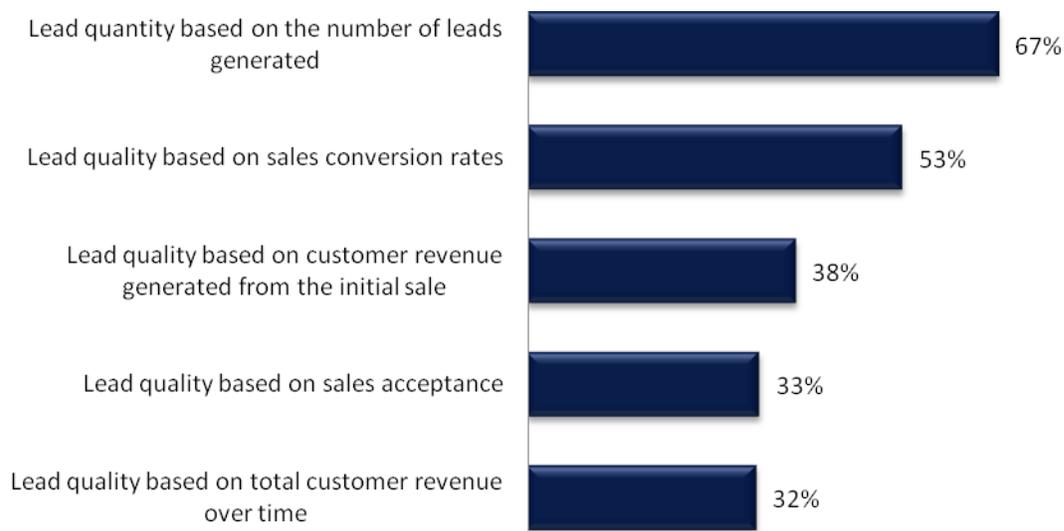
2. Measuring and Tracking Lead Generation Marketing

Lead generation marketers know the challenge of achieving both lead quantity and quality, where lead quantity typically has an edge compared to lead quality which is challenged by more information gaps. The research confirms that lead quantity continues to be favored in measurements that guide marketing effectiveness, although there were encouraging findings in support of lead quality.

Two thirds of the marketers polled indicated they measure and track lead quantity based on the number of leads generated to manage their performance (67%). Of the numerous areas of lead quality measurement practices explored, lead quality based on sales conversion rates is the top choice, with more than half (53%) using this measure to manage their performance. Other forms of lead quality being tracked and measured are based on revenue from initial sale (38%), sales acceptance (33%), and total customer revenue over time (32%). See Figure 9.

Figure 9: Practices to Measure and Track Marketing Performance

Which of the following practices does your organization measure and track on a regular basis to manage marketing performance?(check all that apply) (n = 213)



Dramatic differences were revealed with a deeper look at the segment of the highly effective and efficient organizations in comparison to all others. Marketers in this segment indicated a much greater use of lead quality measurements and tracking in balance with lead quantity. Lead quality based on customer revenue generated from the initial sale was being measured by 70% of the highly effective and efficient segment – the same level measuring lead quantity (70%) and a much higher level than all other marketers (70% vs. 35%). This group also showed a significantly higher use of measuring and tracking lead quality based on total customer revenue over time (55% vs. 30% of all other marketers), as shown in Figure 10.

Figure 10: Practices to Measure and Track Marketing Performance – Highly Effective & Efficient vs. All Others

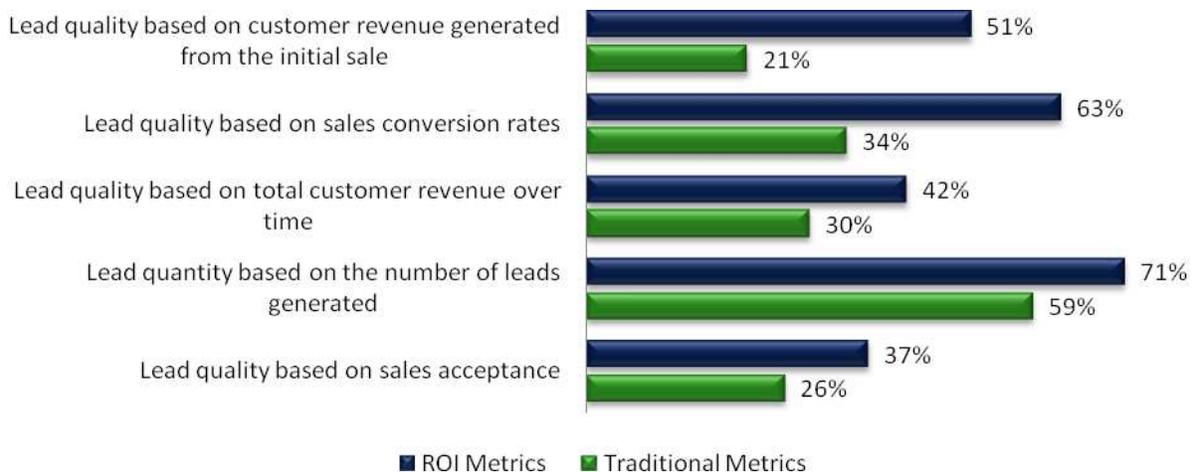
Which of the following practices does your organization measure and track on a regular basis to manage marketing performance?(check all that apply) (n = 20, 191)



Organizations that use marketing ROI metrics reported higher use of lead quality measures based on customer revenue generated from the initial sale (51% vs. 21% of organizations that use only non-financial metrics) and lead quality based on sales conversion rates (63% vs. 34% as shown in Figure 11).

Figure 11: Practices to Measure and Track Marketing Performance – ROI Metrics Users vs. Traditional Metrics Users

Which of the following practices does your organization measure and track on a regular basis to manage marketing performance? (check all that apply) (n = 56, 57)



When asked to describe their organization's highest level of measurement capability to assess lead generation marketing, close to half marketers (44%) reported that they credit the last marketing touchpoint as the lead source. Twenty-one percent (21%) reported that they split credit across multiple touchpoints, an approach that acknowledges how marketing impact is dependent on more than just the last touchpoint generating the lead. Only 14% use the more reliable techniques of market testing or modeling to isolate the impact of specific tactics (11% and 3%, respectively), while the balance (20%) do not track leads to specific marketing touchpoints. See Figure 12.

Figure 12: Levels of Lead Generation Measurement Sophistication

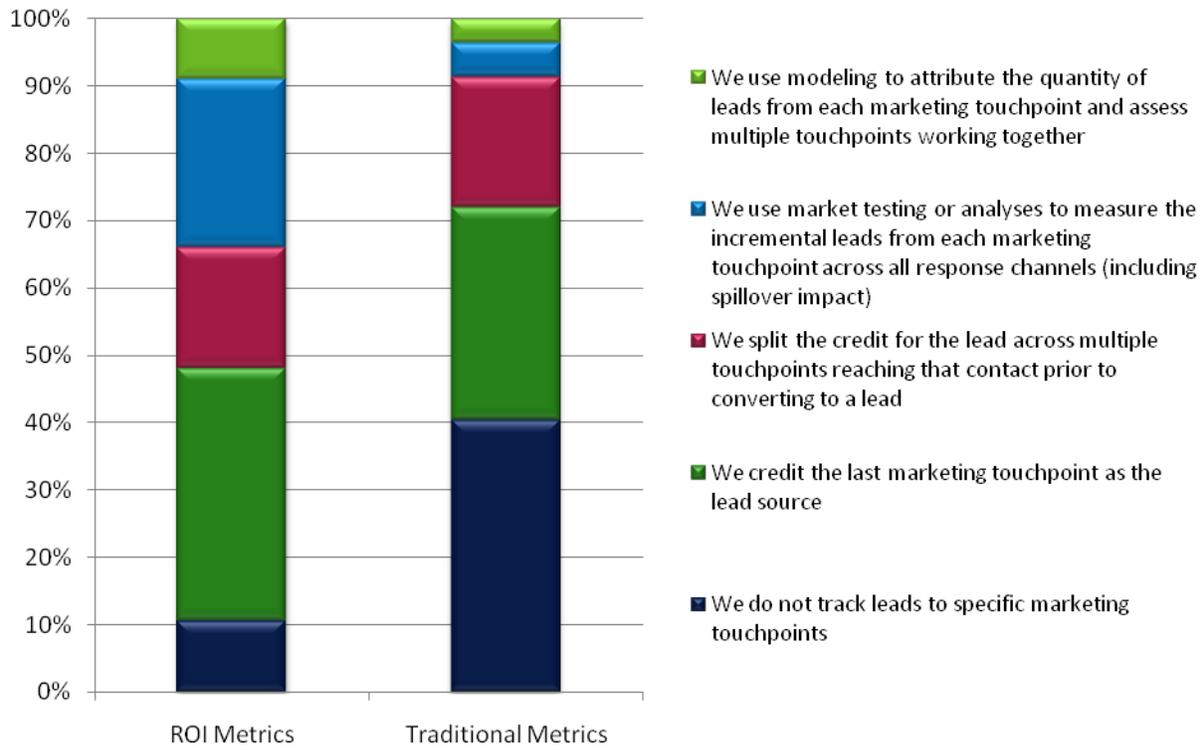
Which of the following statements best describes your organization's highest level of ongoing measurement capability to assess lead generation marketing? (n = 227)



Marketers using ROI metrics showed significant differences from their counterparts using non-financial metrics in two areas of the measurement sophistication spectrum. These companies were less likely to report “no tracking” (11% vs. 40%) and more likely to report the use of market testing or analyses to measure the incremental leads from each marketing touchpoint across all response channels (25% vs. 5% as reported in Figure 13).

Figure 13: Levels of Lead Generation Measurement Sophistication – ROI Metrics Users vs. Traditional Metrics Users

Which of the following statements best describes your organization's highest level of ongoing measurement capability to assess lead generation marketing? (n = 227)



In each annual study on lead generation measurements and ROI, marketers were asked about their use of marketing ROI to assess marketing effectiveness. As shown in Figure 14, marketing ROI use among lead generation marketers has remained steady over the past three years, currently at 27%.

Figure 14: Use of ROI Metrics to Assess Marketing Effectiveness – 3-Year Trend

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n = 303, 326, 226)

	2008	2009	2010
Yes, we calculate ROI, net present value (NPV), or other profitability metrics for at least some of our marketing campaigns/investments.	26%	24%	27%
Somewhat, we calculate some financial metrics such as cost per lead and cost per sale but not profitability metrics such as ROI and NPV.	34%	42%	43%
No, we use traditional marketing metrics but not financial metrics.	40%	34%	30%

(Source for 2008 and 2009: MarketingProfs 2009 B-to-B Lead Generation Marketing ROI & Performance Evaluation Study available at www.lenskold.com/content/papers.html)

Companies reporting their marketing as highly effective and efficient are much more likely to use marketing ROI metrics to assess marketing effectiveness with 60% indicating such use compared to 24% of all others (see Figure 15).

Figure 15: Use of ROI Metrics to Assess Marketing Effectiveness – Highly Effective & Efficient vs. All Others

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n = 20, 210)

	Highly Effective & Efficient	All Others
Yes, we calculate ROI, net present value (NPV), or other profitability metrics for at least some of our marketing campaigns/investments.	60%	24%
Somewhat, we calculate some financial metrics such as cost per lead and cost per sale but not profitability metrics such as ROI and NPV.	30%	45%
No, we use traditional marketing metrics but not financial metrics.	10%	31%

3. Improving Marketing Effectiveness

The study presented marketers with a set of key marketing initiatives to rank effectiveness in terms of driving “high value leads likely to convert to sales.” Marketers rated each initiative on a scale of 1 to 5, where 5 was highly effective. Based on ratings of 4 or 5, indicating above-average effectiveness levels, respondents’ top selection for effective marketing was engaging customers through educational webinars and seminars (52%). A good portion of marketers also rated engaging new contacts with periodic content such as e-newsletters (42%), engaging and educating customers through periodic product trials (42%), and engaging and educating customer with white papers and e-books (35%) as effective. See Figure 16.

Figure 16: Effectiveness of Current Lead Generation Marketing

To the best of your knowledge, how would you rate the effectiveness of each type of marketing in terms of driving high value leads likely to convert to sales on a scale from 1 to 5 where "1" represents not at all effective and "5" represents highly effective? (n = 231)

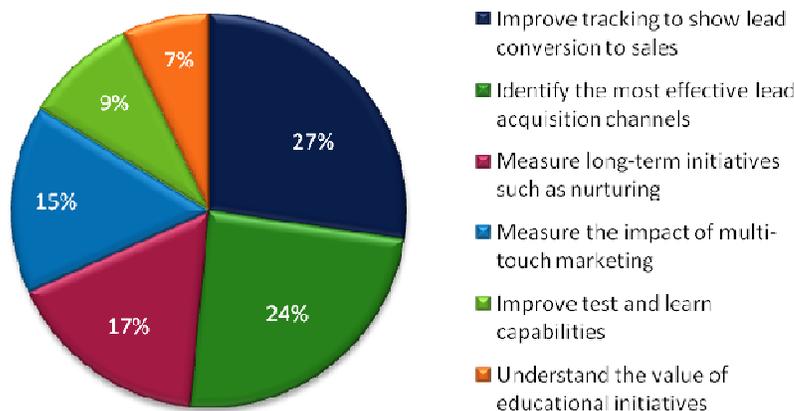


There were notable differences amongst highly effective and efficient organization vs. companies reporting lower levels of effectiveness. This top tier group reported substantial differences in tactics they viewed as being effective at driving high value leads likely to convert to sales. Engaging and educating customers through product trials showed the highest ratings of effectiveness by 82% of the highly effective and efficient group vs. 48% of all other marketers. Generating sales leads with limited-time discounts and special offers was also graded more effective by 68% of highly effective and efficient marketers vs. 28% of all other marketers. The gaps were significant for all marketing initiatives assessed, with at least 47% of highly effective and efficient marketers providing positive effectiveness ratings for all marketing initiatives.

Marketers were asked to indicate the single most important measurement practice that would improve the effectiveness of lead generation efforts. Approximately one out of four marketers (27%) indicated a priority to improve tracking to show lead conversion to sales. As shown in Figure 17, identifying the most effective lead acquisition channel ranked second (24%) followed by measuring long-term initiatives such as nurturing (17%) and measuring the impact of multi-touch marketing (15%). Improving test and learn capabilities ranked second to last (9%) and the lowest priority was understanding the value of educational initiatives (7%).

Figure 17: Priorities to Improve Overall Marketing Effectiveness

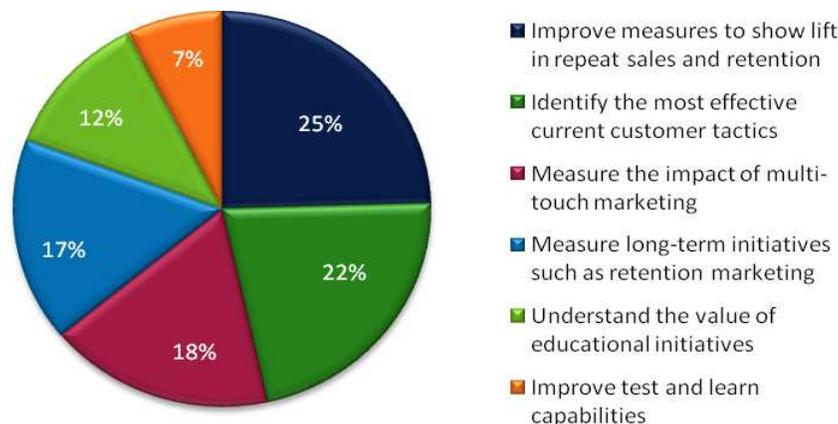
Which of the following is most important to help your organization improve lead gen effectiveness? (n = 227)



A similar question was posed to determine what is necessary to improve the effectiveness of marketing to current customers. One out of four marketers (25%) reported a need to improve measures to show lift in repeat sales and retention. Identifying the most effective current customer tactic ranked second (22%) followed by measuring the impact of multi-touch marketing (18%) and measuring long-term initiatives such as retention marketing (17%). Understanding the value of educational initiatives ranked second to last (12%) and the least favorable response was improving test and learn capabilities (7%). See Figure 18.

Figure 18: Priorities to Improve Current Customer Marketing Effectiveness

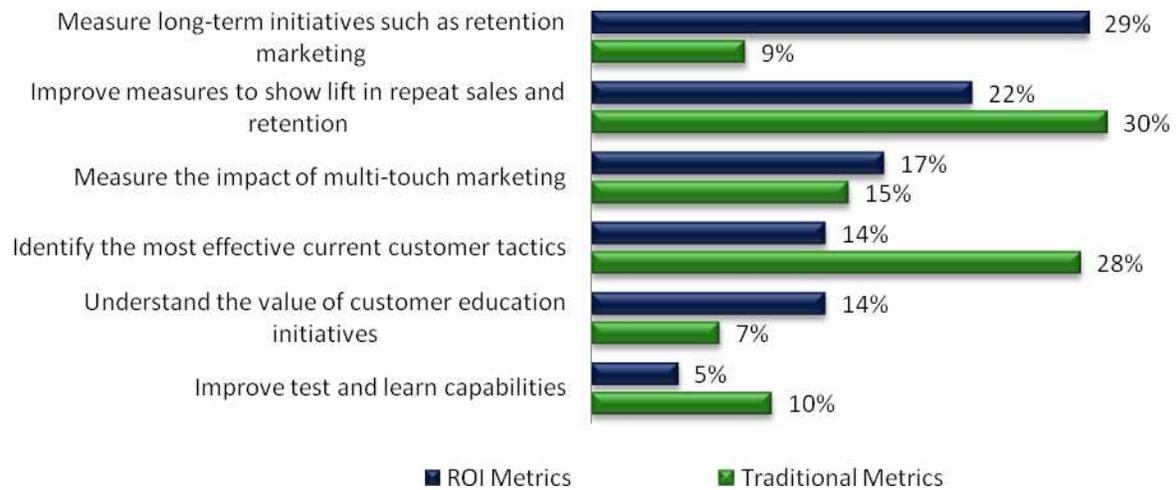
Which of the following is most important to improve effectiveness of marketing to existing customers? (n = 228)



It was a higher priority for organizations already using marketing ROI metrics to indicate a need for advanced techniques when evaluating current customer marketing. Measuring long-term initiatives such as retention marketing was a top priority for more users of marketing ROI metrics (29%) than marketers using only traditional non-financial metrics (9%), as shown in Figure 19. Basic needs such as the importance of identifying the most effective current customer tactic were more critical to lead generation marketers using non-financial metrics (28%) compared to marketers using ROI metrics (14%).

Figure 19: Improving Current Customer Marketing Effectiveness – ROI Metrics Users vs. Traditional Metrics Users

Which of the following is most important to improve effectiveness of marketing to existing customers? (n = 61 and 67)



4. Summary of Highly Effective and Efficient Marketing Organizations

The segment of survey participants that described their marketing as “highly effective and efficient” represented 9% of the total. This is a small group but the differences in the results presented were large enough to be significant at or above the 95% level. The participants were spread fairly evenly across revenue segments with slightly more presence in mid-size firms. The portion of participants included in this group is consistent with the portion identified in the last year’s marketing ROI research study.

Marketing organizations with highly effective and efficient marketing differ from all other marketing organizations as follows:

- More likely to indicate they can generate more than a 10% improvements in profits with a 10% increase in their lead generation budget (65% vs. 37%)
- Less likely to indicate “don’t know” when asked how much profit improvement can be generated with a 10% increase in their lead generation budget (10% vs. 48%)
- Have a higher percentage indicating they currently track and measure lead quality based on revenue generated from the initial sale (70% vs. 35%) and lead quality based on total customer revenue over time (55% vs. 30%)
- Use ROI metrics to assess marketing effectiveness (60% vs. 24%)
- More likely to rate engaging and educating customers through product trials as the highest on the list of effective marketing for driving high value leads likely to convert to sales (82% vs. 48%)
- More likely to choose market testing or analyses to measure the incremental leads from each marketing touchpoint across all response channels as their highest level of ongoing measurement capability (30% vs. 8%)

5. Summary of Marketing ROI Metrics Users

Roughly one in four lead generation marketers (27%) reported that they use marketing ROI metrics to assess marketing effectiveness. This group of marketing ROI users was compared to the respondents indicating they use traditional metrics but not financial metrics to assess marketing effectiveness (30%). The third segment of marketers that use some financial metrics but not profitability metrics generally showed results between the two extremes and was not included in the head-to-head comparison.

The segment of ROI Metrics users differed from Traditional Metrics users as follows:

- More likely to be outgrowing competitors (68% vs. 48%)
- More likely to indicate they can increase profits 10% or more with a 10% increase in their lead generation budget (42% vs. 23%)
- Have greater use of tracking and measuring lead quality based on customer revenue from the initial sale (51% vs. 21%) and lead quality based on sales conversion rates (63% vs. 34%)
- More likely to indicate that their highest level of ongoing measurement capability is marketing testing or analyses to measure the incremental leads from each marketing touchpoint across all response channels (24% vs. 5%)
- Less likely to indicate that no tracking and measurements are in place (10% vs. 35%)
- More likely to indicate that improving effectiveness of marketing to existing customers can be accomplished with measurement of long-term initiatives such as retention marketing (29% vs. 9%)
- Provided higher ratings on effectiveness for numerous types of marketing, including engaging new contacts with periodic content such as e-newsletters (59% vs. 40%), motivating response with offers and incentives (freebies) in exchange for contact information (49% vs. 24%), and generating sales leads with limited-time discounts and special offers (46% vs. 21%)

The advantages that marketing ROI users have over those using just traditional metrics is not meant to imply that this is based on the use of marketing ROI alone. The results show that these companies also have better practices in measurement and tracking, leading to the conclusion that it is the overall discipline of building insights to manage marketing effectiveness that lead to the outcomes such as greater growth, knowing how to generate greater profit potential with a budget increase, and showing higher levels of effectiveness on diverse types of marketing.

6. Comparisons by Company Size

For the most part, results do not vary significantly for companies based on total annual revenue. Lead generation marketers that reported revenue were analyzed using the following revenue categories:

Smaller	Less than US\$5 million	24%
Midsize	US\$5million to US\$50million	37%
Larger	US \$50 million or over	31%

The differences found include:

- Larger companies were more likely to track and measure lead quantity based on the number of leads generated (78% vs. 54% of smaller companies; midsize companies reported 65% which was not statistically different given the smaller percentage gap between the other segments)
- Smaller companies were more likely than larger companies to identify their top priority for improving lead generation effectiveness as the need for the basic capability to identify the most effective lead acquisition tactics (31% vs. 15%).
- Smaller companies were more likely than larger companies to identify their top priority for improving marketing effectiveness to existing customers as their need to improve test and learn capabilities (16% vs. 4% larger companies).
- Smaller companies were more likely to indicate that a 10% increase in their lead generation marketing budget would result in no major change in profits (14% vs. 0% for larger companies).

Overall, these are not major differences, indicating that company practices and the benefits associated with those practices has a greater influence on performance than company size.

7. External Perspectives

The survey findings are reported based on the results from only marketing practitioners who are answering on behalf of their own organization. The results are largely comparable to the opinions of respondents from external consultants and agencies answering on behalf of their client organizations, as well as to academics and industry experts whose answers apply to the business community in general. These two other segments, plus marketers currently not working, were removed from the general responses for the purpose of eliminating any possible bias.

The summary results provided below for these two segments only include the portion of those segments that indicated they focus primarily on B2B marketing to that generate leads for internal sales or channel partners to ensure it is comparable to the segment of marketing practitioners.

The only differences worthy of noting are:

- Academics were more likely to expect that a 10% increase in lead generation budget would lead to a 20% or more increase in profits (33% vs. 12% of lead generation marketers)
- Academics were less likely to indicate that the budget was too low relative to the profit potential for almost all types of marketing presented (averaging below 20% compared to an average close to 50% for marketers)
- Both agencies/consultants and academics were more likely to report the highest level of measurement capability for their clients and overall business community as market testing or analysis (36% for agencies/consultants and 23% for academics compared to just 11% for marketers)

These differences are slight and do not provide enough insight to lead to any unique conclusions. For the most part, the academics and agencies/consultants were very aware of and aligned to the business community they serve.

Participant Profile

The following charts show the profile of the survey respondents included in the analysis.

Figure 20: Region

In which geographic region is your business based? (n = 231)

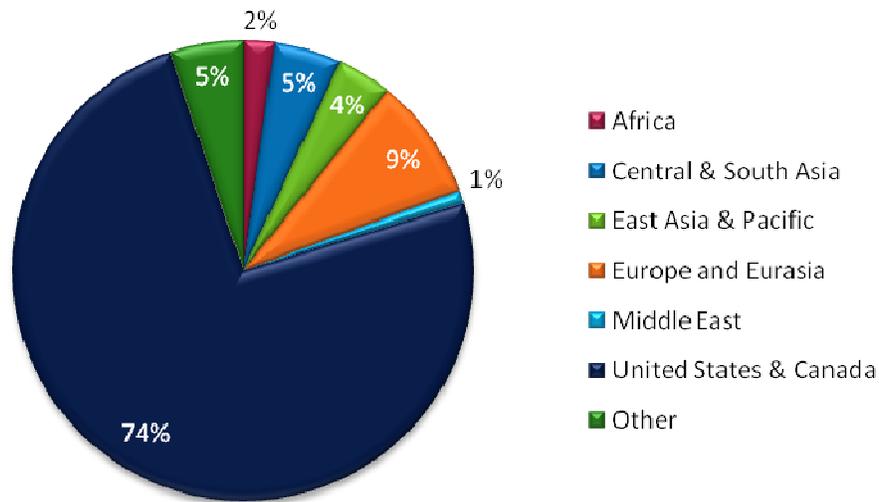


Figure 21: Company Size based on Annual Revenue

Approximately how much revenue did your business generate last year (for government and non-profit groups, please use your expense budget)? (n = 231)

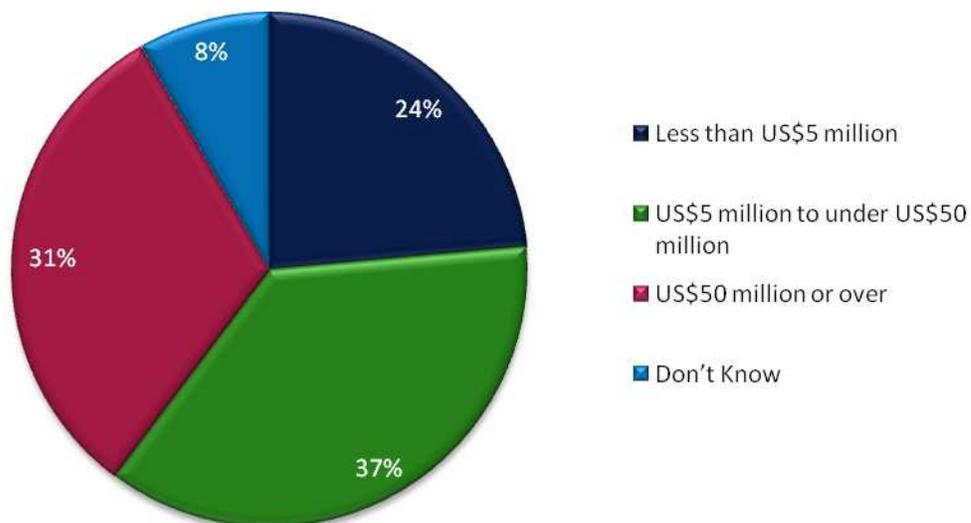
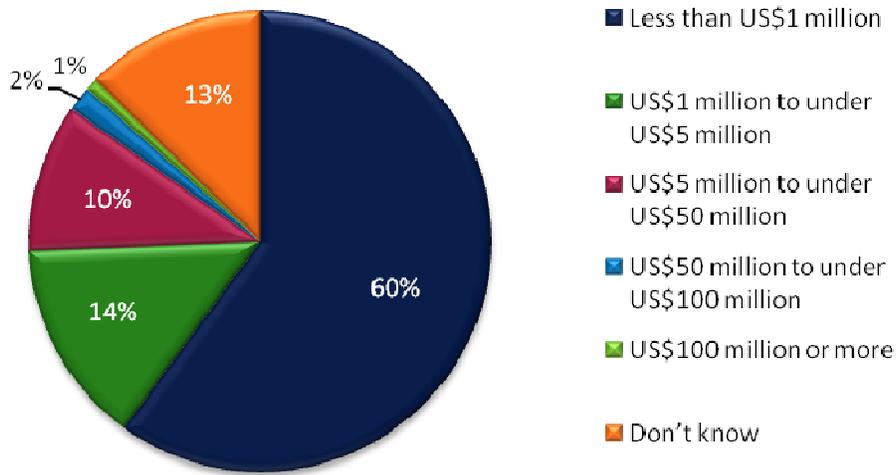


Figure 22: Marketing Budget

Approximately how much did your company spend on marketing, advertising and sales activities in 2007? (n = 231)



About the Author

Founded in 1997, Lenskold Group (www.lenskold.com) offers one of the most comprehensive and innovative approaches to applying marketing ROI techniques to optimize marketing strategies toward maximum profitability. Lenskold Group combines financial discipline and measurement methodologies to deliver practical solutions that establish accountability and credibility for marketing organizations. The Lenskold Group serves Fortune 1000 and emerging companies in the US, Canada and Europe.

Jim Lenskold, founder and president of Lenskold Group, is author of the book ***Marketing ROI, The Path to Campaign, Customer and Corporate Profitability*** (McGraw Hill), named one of the five most influential marketing books of 2004 by the American Marketing Association Foundation.

Services for marketing ROI newcomers include:

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