

2011 Lead Generation Marketing ROI Study

Lenskold Group
Innovating the path to marketing profitability.

Deeper Insights.
Smarter Marketing.
More Profitable Performance.

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Introduction and Research Methodology

The *2011 Lead Generation Marketing ROI Study* was conducted by Lenskold Group and sponsored by The Pedowitz Group. The results are drawn from 263 respondents who indicated that they were in B2B companies (half or more of their revenues generated from business customers) and 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 *2011 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' 280,000+ 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 seven consecutive years. The large sample size allows for analysis of smaller segments and to report all findings at or above the 95% confidence level.

Once again we thank MarketingProfs for their support in this effort www.marketingprofs.com.



Access free charts and graphs from this study at www.lenskold.com/LeadGenROI_2011.

Note: References to this research report should reference the source as

Source: 2011 Lenskold Group / The Pedowitz Group Lead Generation Marketing ROI Study.

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Note on survey results: A total of 263 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

The *2011 Lead Generation Marketing ROI Study* was concentrated on the use of marketing metrics and marketing automation for managing and delivering ROI and growth.

Higher growth companies report sales conversion and closed revenue metrics.

Companies outgrowing their competitors are much more likely to report marketing sales and revenue contribution to senior management than companies with the same or slower growth, using the metrics Percent of Total Sales Contributed by Marketing (38% vs. 23%) and Percent of Total Revenue Contributed by Marketing (30% vs. 18%). These higher growth companies are also more likely to report Marketing-Generated Closed Revenue to senior management (38% vs. 26%).

With respect to metrics that higher growth companies are more likely to forecast, the greatest difference from slower/same growth companies existed with Quantity of Opportunities (43% vs. 31%). Forecasting opportunities provides a good balance between forecasting leads, which lacks insight into lead quality, and forecasting sales, which may take time and be dependent on many factors that do not relate to lead quality.

Marketers are reporting and forecasting metrics – at much higher rates among users of integrated marketing automation.

Overall, most marketers (87%) report at least one marketing performance metric to senior management (average 43% per metric). Three out of four (77%) forecast leads, opportunities, sales and/or revenue (average 41% per metric). Just 65% are reporting at least one financial metric related to marketing's contribution to senior management (average 30% per metric).

Companies using full-featured marketing automation integrated with CRM or sales automation indicate much higher rates of reporting and forecasting metrics. Compared to marketers with no marketing automation, integrated marketing automation users were more likely to report performance metrics (average 58% vs. 36% per metric), report financial metrics (average 46% vs. 22% per metric) and forecast metrics (average 56% vs. 35% per metric).

Marketing automation clearly enables the data capture and simplifies the reporting function. The financial metrics studied in the research included marketing contribution to opportunity revenue, closed revenue, and sales – all of which benefit with added insight from sales automation.

Top-tier marketers are more likely to be compensated on quantified outcomes.

While the vast majority (89%) of highly effective and efficient marketers are rewarded or compensated on quantified outcomes, less than half (47%) of all other marketers report the same. The top metric for which highly effective and efficient marketers are compensated is Number of Sale Opportunities (52%), followed by Contribution to Revenue (48%).

Compensation of marketing based on key financial metrics is a motivator to drive effectiveness and efficiency. But it also a reflection of the discipline within a company that is more likely to have automation, measurement and ROI capabilities and reporting of key metrics. The culture and capabilities to achieve higher effectiveness and efficiency must be present in order to tie compensation to attainment of financial outcomes.

Effectiveness and efficiency are tied to strengths in key capabilities to measure and manage high-impact marketing.

Highly effective and efficient marketers rate their capabilities as strong – “4” or “5” on a 5-point scale – at almost twice the level of all other companies (average 76% vs. 32% of all others). The most significant gaps were in Measuring and Improving Marketing Effectiveness and ROI (76% vs. 20%), Measuring and Improving Lead Quality (76% vs. 24%), and Testing and Continuous Improvement (79% vs. 30%).

Differences in capabilities extend into strengths in the marketing process as well. Highly effective and efficient marketers are more likely to have strengths in Lead Funnel Management (72% vs. 27%), Campaign Management (86% vs. 46%) and Overall Alignment with Sales (79% vs. 44%).

Marketing automation when integrated with CRM or sales automation improves marketing performance.

Integrated marketing automation goes beyond just enabling better use of metrics as previously stated. Companies with integrated marketing automation are more likely to have highly effective and efficient marketing (22% compared to 13% of marketers with automation not integrated and just 7% of those without marketing automation).

There is a much greater use of marketing ROI to measure and assess marketing effectiveness among those marketers with integrated marketing automation (38% vs. 23% of those with no marketing automation). Integrated marketing automation users have strengths in their capabilities to Measure and Improve Lead Quality (47% vs. 24%) and Measuring and Improving Effectiveness and ROI (39% vs. 24%).

Strengths for integrated marketing automation users relative to non-automation marketers also exist in marketing process capabilities such as Lead Funnel Management (49% vs. 26%) and Lead Hand-Off Process to Sales (54% vs. 38%).

Lenskold Group Recommendations

The recommendations that follow provide our perspective on actions that will leverage the research findings and help lead generation marketers achieve greater effectiveness, efficiency, ROI and growth. These recommendations are based on both the research findings and our experience through client engagements to assess and improve marketing performance.

1. Define, measure and report financial contribution metrics

Reporting financial contribution metrics to senior management demonstrates marketing's alignment to corporate objectives. For lead generation marketers, this allows strategies and tactics to be based on lead quality over quantity – driving effectiveness based on conversion rates and revenue generation.

Implementing financial contribution metrics requires tracking capabilities that may begin as a manual exercise and then progress to automation. Tracking leads through to a closed sale provides valuable insight. An approach such as a match-back process that link marketing contacts to closed sales can sometimes close tracking gaps. Measurements have to become more sophisticated over time as well, moving from single lead source attribution to incremental contribution within a complex marketing mix.

One of the key issues that typically need to be addressed is agreeing on definitions with the sales team and executives for financial metrics that attribute a portion of sales and revenue to marketing. For example, is the revenue attributed to marketing based on first touch generation of the lead or a recent contact that converted the prospect to a qualified lead or opportunity? How is marketing contribution captured for existing vs. new customers?

2. Forecast key metrics aligned to business outcomes

Forecasting business outcomes is important to executives managing the business and is also critical to support timely marketing decisions. Marketing impact to generate leads takes time, as does the progression from lead to opportunity, sale, and revenue generation. Forecasting metrics combine current measurements with either historical values or individual-level estimates (a sales person's probability of close). The most accurate forecasting models will include some form of predictive modeling that factors in many data points including the lead profile, marketing engagement activities and captured intelligence.

The most important factor to build credibility is to aim for accurate forecasts. Overly optimistic forecasts will lead to shortfalls in delivery. But consistently under-reporting forecasts so actuals exceed projections also undermines credibility.

3. Adopt and integrate marketing automation

While the research shows the advantages marketing automation creates for reporting metrics and building measurement and ROI capabilities, these are only ancillary benefits compared to more significant benefits of better generating and nurturing leads. Marketing automation brings together rich data that can drive the primary drivers of high-ROI marketing – targeting, funnel management, integration and conversion. Integration with sales automation adds even more insight and management capabilities. As marketers use this data to measure and improve marketing performance, valuable metrics emerge with a clear connection to business outcomes.

4. Apply marketing ROI measurements and processes to metrics, forecasting, and automated marketing.

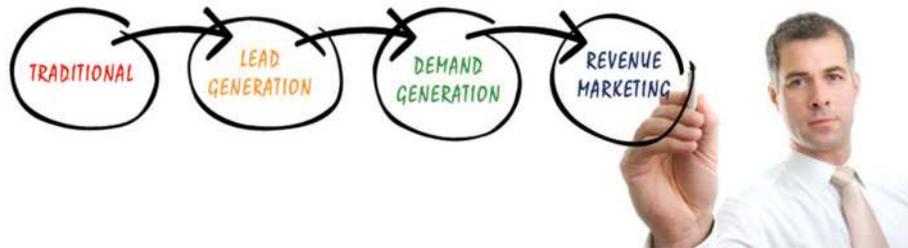
The marketing ROI framework provides relevancy to marketing metrics, capabilities and automation, guiding decision toward generating more profitable returns from marketing. Metrics have more meaning when related to ROI drivers such as sales conversion rates and profit per customer. Take for example a metrics such as conversion to opportunity that is very actionable and helps to align marketing and sales teams. This is a very results-driven metric but without the ROI framework and a view of broader metrics, this metric can become less valuable when the rate of opportunities converting to sales is declining.

Marketing ROI processes are also important when managing forecasted metrics. Marketing teams must be prepared to address situations when forecasts are showing major shortfalls. A marketing ROI analysis can identify where improvements in other metrics can potentially close financial gaps easier than focusing on the metric with the shortfall.

Lead generation marketers continue to make progress in their capabilities for measuring marketing ROI, with more than half (53%) indicating somewhat or very much improvement. Every step toward better management of incremental sales, revenue and profit improves marketing's accountability and credibility.

The Pedowitz Group Sponsor Commentary

The results from this *2011 Lead Generation Marketing ROI Study* highlight what successful marketing organizations are doing to generate leads and revenue and further validates the Journey to Revenue Marketing model. Created by The Pedowitz Group, this four-stage model identifies the progression of marketing from Traditional marketing to include Revenue Marketing elements.



As organizations progress from the Traditional stage of marketing to Lead Generation, they typically use email for prospecting and typically report on the number of leads sent to sales. There is little focus on quality of the lead and quantity is typically the only measure of marketing success. The study found that many companies do not have marketing automation (60% of all B2B lead gen marketers) and that those companies without marketing automation are less likely to report performance metrics, report financial metrics and forecast key metrics. Without marketing automation, companies in this stage simply do not have the tools to report revenue related metrics and therefore find it difficult to demonstrate marketing's impact on revenue. B2B organizations at this stage of the Revenue Marketing Journey are a competitive disadvantage in the market and may be falling behind in the market.

As organizations progress from the Lead Generation stage to the Demand Generation stage of the Journey, they deploy full featured marketing automation and integrate it with CRM. They are now able to report closed-loop metrics and can clearly quantify marketing's impact on revenue. Two key areas of improvement clearly found from the study are the science of managing funnel conversions and greatly improved reporting capabilities – all hallmarks of the Demand Generation stage of the Journey.

When comparing companies with integrated marketing automation to companies without marketing automation, several interesting findings stand out. First of all, lead management in this stage is now more science than art with a focus on conversion metrics for marketers. For example, companies with integrated marketing automation are much more likely to report the Percent of Leads Converting to Opportunities (67% vs. 29%).

From a reporting perspective, Demand Generation marketers (i.e., those with integrated marketing automation) are almost twice as likely to report on Percent of Opportunities Converting to Close Sales (58% vs. 31% without marketing automation) and are also significantly more likely to report number of Marketing Qualified Leads and Opportunities more often to senior management.

With the close integration of marketing automation with CRM, companies in this stage are beginning to calculate the ROI on marketing and the impact on revenue. Marketing at this stage is moving from being a cost center to a revenue center.

Organizations at the Revenue Marketing stage of the Journey have all the characteristics of the Demand Generation stage with one HUGE difference - they are now actually forecasting revenue impact, not just reporting on the impact of the past quarter. Four key metrics were presented as possible forecasting metrics and companies with integrated marketing automation were significantly more likely to forecast both Quantity of Leads (58% vs. 33%) and Quantity of Opportunities (62% vs. 28%) than companies without marketing automation.

Quite frankly, just the fact that marketing is now forecasting performance is a huge shift in the role of marketing and how they are impacting revenue performance in a company. Add to this that marketers using integrated marketing automation are also more likely to earn variable compensation based on the Number of Leads and Number of Sales Opportunities Generated than those without automation.

Overall, this study validates and continues to better define and quantify the Revenue Marketing Journey for today's marketer.

Detailed Findings

Surveys were conducted with marketing professionals 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 11% 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).
- Marketers that use integrated marketing automation technology were compared to marketers that don’t use marketing automation technology (see Figure 4).

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 =263)

	2011
Much greater growth than our primary competitors	17%
Somewhat greater growth than our primary competitors	44%
About the same growth as our primary competitors	32%
Somewhat slower growth than our primary competitors	4%
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 =263)

	2011
Highly effective and efficient	11%
Somewhat effective and efficient	50%
Somewhat effective but not efficient	31%
Not effective or efficient	4%
No clear read on effectiveness or efficiency	4%

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 =255)

	2011
Yes, we calculate ROI, net present value (NPV), or other profitability metrics for at least some of our marketing campaigns/investments.	28%
Somewhat, we calculate some financial metrics such as cost per lead and cost per sale but not profitability metrics such as ROI and NPV.	39%
No, we use traditional marketing metrics but not financial metrics.	33%

Figure 4: Use of Marketing Automation

Do you use full-featured marketing automation in your organization? (includes technologies such as Aprimo, Marketo, Eloqua, Pardot, Silverpop, etc.) (n=263)

	2011
Yes and our marketing automation is integrated with sales/CRM automation	23%
Yes but it is not integrated	17%
No	60%

1. Use of Marketing Metrics by Highly Effective and Efficient Marketers

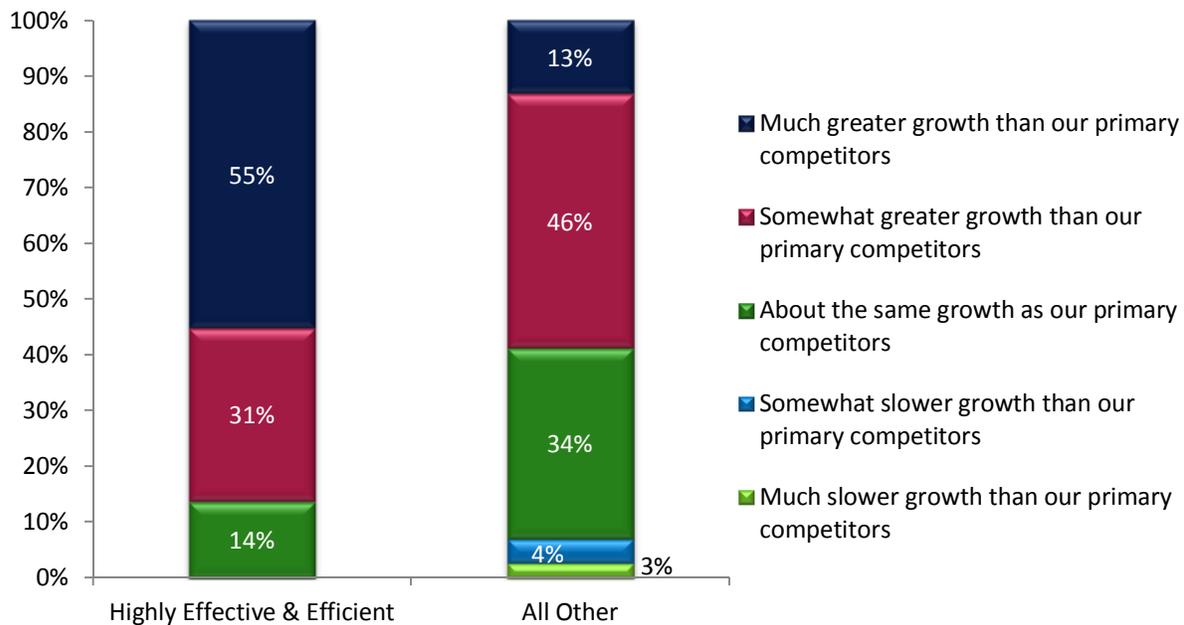
The top-tier of highly effective and efficient marketing organizations use ROI and bottom-line oriented metrics and are outgrowing their competitors.

Company Growth versus Competition

More than half (55%) of highly effective and efficient marketers report that they are experiencing much greater growth than their competitors. Only 13% of respondents that characterize themselves as less than highly effective and efficient reported that their company was experiencing much greater growth than their competition as shown in Figure 5.

Figure 5: Company Growth – Highly Effective & Efficient vs. All Others

How would you describe your firm's expected growth in the upcoming year relative to your primary competitors? (n = 29, 228)



Marketing Organizations Rating on Key Capabilities

Not surprisingly, highly effective and efficient marketers rate their organizations' capabilities higher on each attribute as compared to other marketers. As shown in Figure 6, the largest gaps in the percent providing a positive rating of "4" or "5" on a 5-point scale were observed with the ROI-oriented metrics of Measuring and Improving Marketing Effectiveness and ROI (76% vs. 20%), Measuring and Improving Lead Quality (76% vs. 24%) and Testing and Continuous Improvement (79% vs. 30%).

Figure 6: Organization's Capabilities Ratings – Highly Effective & Efficient vs. All Others

How would you rate your marketing organization's capabilities on each of the following, where "1" means poor and "5" means excellent? (n = 29, 226)

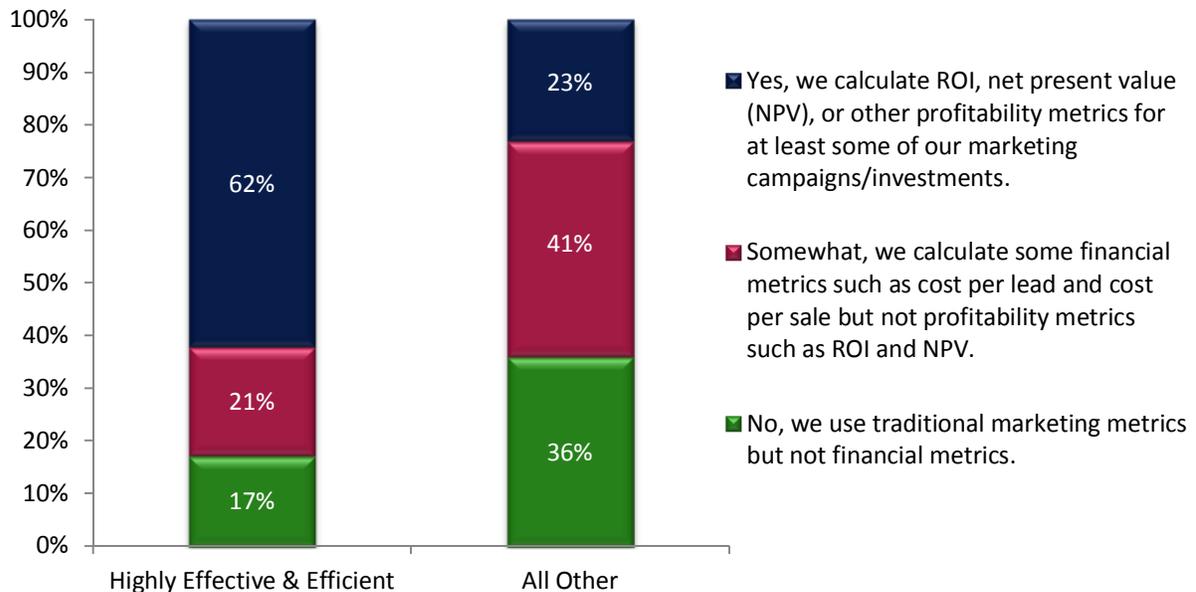
	Highly Effective and Efficient	All Others	Gap
Measuring and improving marketing effectiveness and ROI	76%	20%	56%
Measuring and improving lead quality	76%	24%	52%
Testing and continuous improvement	79%	30%	49%
Lead funnel management	72%	27%	45%
Campaign management	86%	46%	40%
Overall alignment with sales	79%	44%	35%
Lead hand-off process to sales	64%	36%	28%

Use of ROI Metrics to Assess Marketing Effectiveness

Highly effective and efficient marketers are significantly more likely to calculate ROI or other financial metrics to assess marketing effectiveness (62% vs. 23%), as shown in Figure 7. The higher use of ROI or other financial metrics by highly effective and efficient marketers may be a factor in their performance as compared to their competition.

Figure 7: Use of Marketing ROI – 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 = 29, 220)

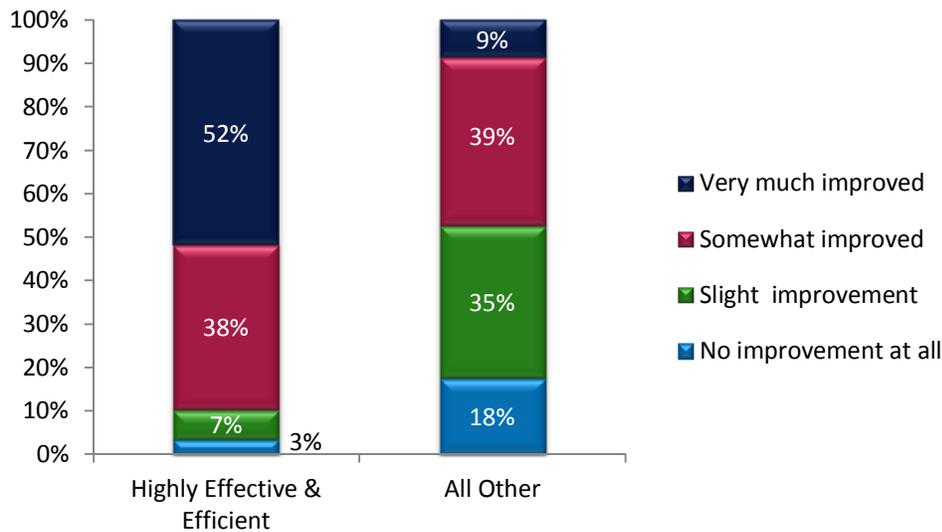


Improvements in Measuring ROI

Highly effective and efficient marketers indicate their capabilities for measuring financial returns (ROI) have “very much improved” in the past year (52% vs. 9% of All Others as shown in Figure 8). In fact, the vast majority (90%) of these marketers have somewhat or very much improved their capabilities, demonstrating their commitment to maintain high effectiveness and efficiency with measurement of the financial returns generated from marketing investments.

Figure 8: Improvements in ROI Capabilities – Highly Effective & Efficient vs. All Others

Over the past year, to what degree has your organization improved its capabilities to measure the financial returns (ROI) generated from marketing investments? (n = 29, 228)



Financial Metrics Reported

Highly effective and efficient marketers report Percent of Total Revenue Contributed by Marketing (38% vs. 32%), Marketing Generated Opportunity Revenue (52% vs. 31%) and Average Revenue per Closed Sale (38% vs. 23%) to senior management significantly more often than other marketers. Over one-third (38%) of less effective and efficient marketers do not report financial contribution metrics to senior management compared to only 17% of highly effective and efficient marketers.

Figure 9: Financial Metrics Reported by Marketing – Highly Effective & Efficient vs. All Others

Which of the following financial contribution metrics does your marketing organization report to senior management? (n = 29, 222)

	Highly Effective & Efficient	All Other	Gap
% of total revenue contributed by marketing	48%	22%	26%
Marketing-generated opportunity revenue	52%	31%	21%
Average revenue per closed sale	38%	23%	15%
Marketing-generated closed revenue	41%	32%	9%
% of total sales contributed by marketing	38%	32%	6%
We do not report financial contribution metrics to senior mgmt	17%	38%	-21%

2. Investments in Marketing Automation Improve Marketing Effectiveness

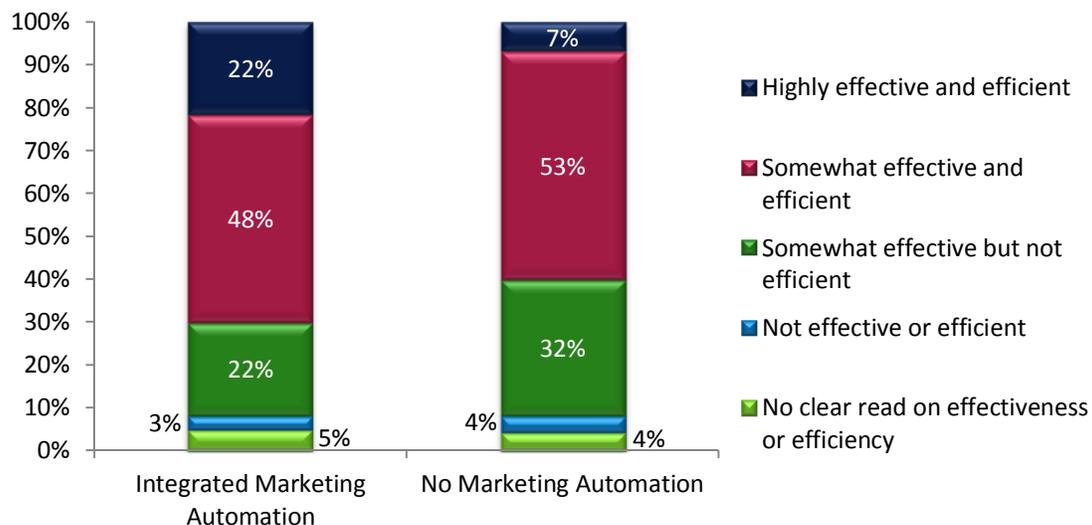
Companies using marketing automation integrated with sales automation (“integrated marketing automation”) are more likely to be effective and efficient marketers, have better use of bottom-line metrics and use marketing ROI to assess their performance.

Marketing Effectiveness and Efficiency

Respondents with integrated marketing automation are more likely to have highly effective and efficient marketing when compared to respondents with no marketing automation (22% vs. 7% as shown in Figure 10).

Figure 10: Marketing Effectiveness & Efficiency - Integrated Marketing Automation Users vs. Non-Automation Users

Which statement best describes your marketing effectiveness and efficiency? (n = 60, 158)

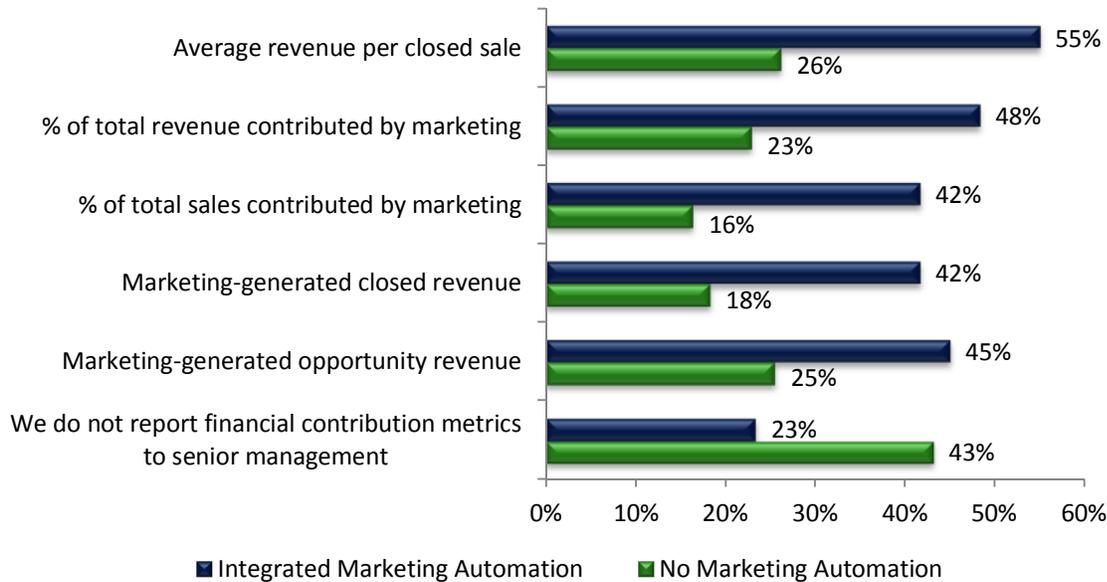


Financial Contribution Metrics Reported to Management

Across all of the financial metrics presented, marketers with integrated marketing automation were more likely to report metrics to management than those marketers without automation. There was roughly double the use of each financial metric listed by users of integrated marketing automation, with the gap ranging from 20% to 29%. The most significant differences were in the metrics of, Percent of Total Sales Contributed by Marketing (42% vs. 16%), Marketing-Generated Closed Revenue (42% vs. 18%) and Percent of Total Revenue Contributed by Marketing (48% vs. 23%). See Figure 11 for details.

Figure 11: Financial Contribution Metrics Reported – Integrated Marketing Automation Users vs. Non-Automation Users

Which of the following financial contribution metrics does your marketing organization report to senior management? (n = 60, 153)

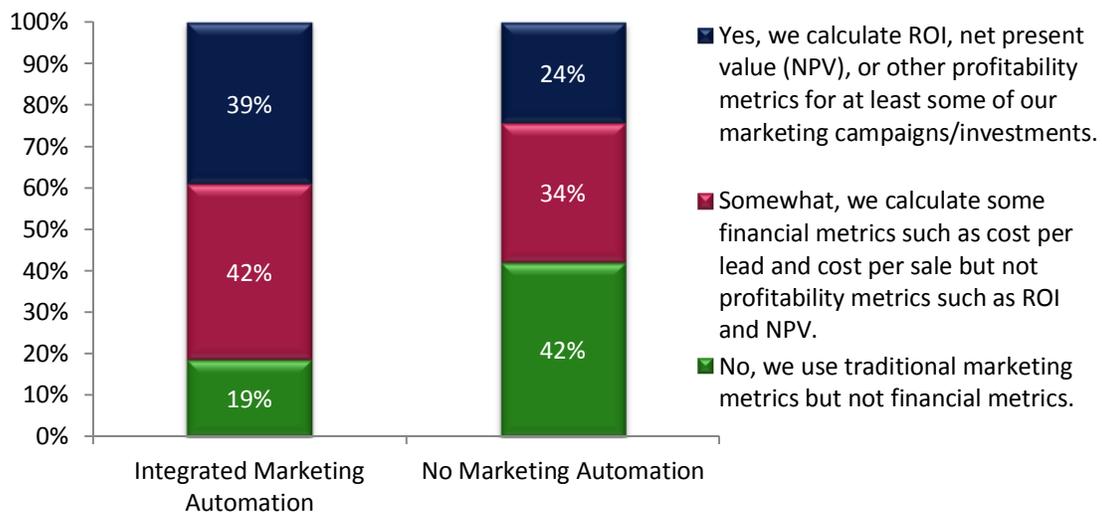


Use of ROI or Other Financial Metrics

Marketers reporting the use of integrated marketing automation are more likely to calculate ROI, NPV or other financial metrics to assess their marketing campaigns (39% vs. 24% as shown in Figure 12).

Figure 12: Use of Marketing ROI – Integrated Marketing Automation Users vs. Non-Automation Users

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n = 59, 152)

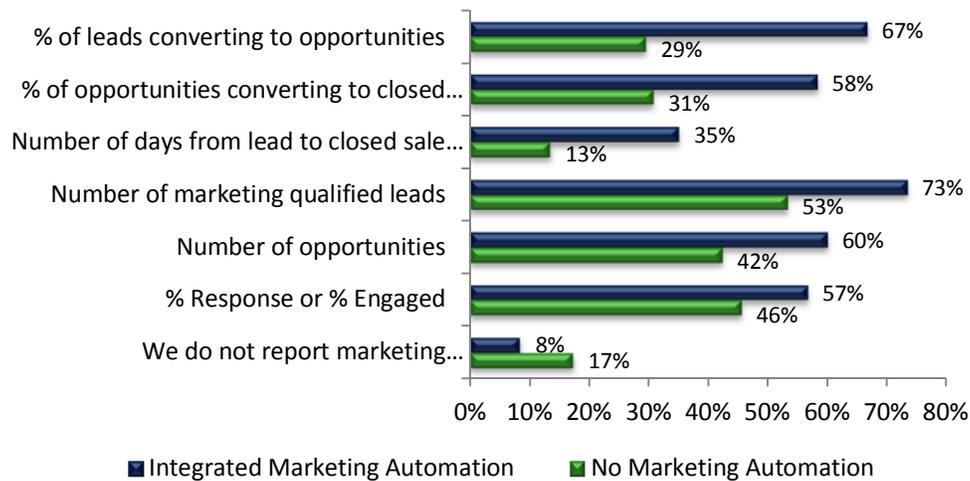


Reporting Performance Metrics

Respondents with integrated marketing automation report performance metrics at higher levels than respondents with no marketing automation across each performance metric. Of particular interest are funnel conversion metrics that are higher for companies with integrated marketing automation (Percent of Leads Converting to Opportunities and Percent of Opportunities Converting to Closed Sales) where the gap between the two segments of respondents is the greatest (67% vs. 29% and 58% vs. 31%, respectively) as shown in Figure 13.

Figure 13: Marketing Performance Metrics Reported – Integrated Marketing Automation Users vs. Non-Automation Users

Which of the following marketing performance metrics does your marketing organization report to senior management? (n = 60, 156)

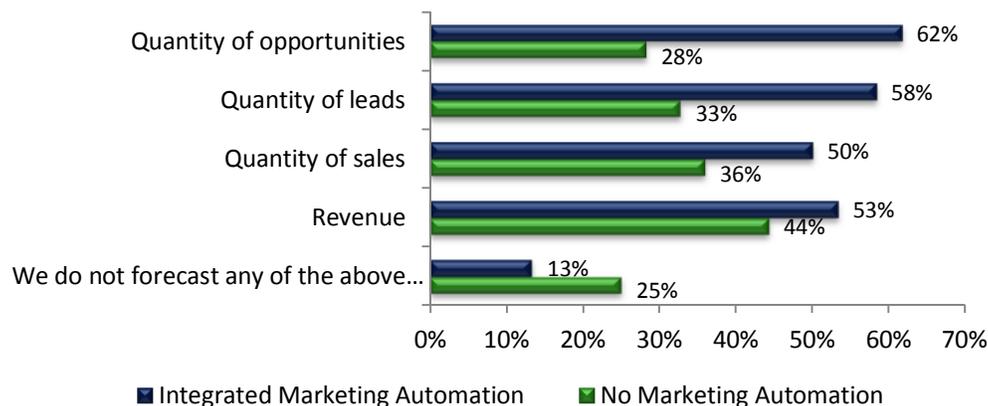


Metrics Used for Forecasting

As shown in Figure 14, those using integrated marketing automation report a higher incidence of forecasting lead generation and conversion related metrics led by Quantity of Opportunities (62% vs. 38%), Quantity of Leads (58% vs. 33%) and Quantity of Sales (50% vs. 36%).

Figure 14: Forecasting Metrics – Integrated Marketing Automation Users vs. Non-Automation Users

Which, if any, of the following metrics do you forecast for the upcoming period? (n = 60, 156)



Ratings on Key Capabilities

As shown in Figure 15, the top 2-box ratings on a 5-point scale are much higher for those with integrated marketing automation for Lead Funnel Management (49% vs. 26%) and Measuring and Improving Lead Quality (47% vs. 24%). See Figure 15 for details on all marketing capabilities rated.

Figure 15: Financial Contribution Metrics Reported

How would you rate your marketing organization's capabilities on each of the following, where "1" means poor and "5" means excellent? (n = 60,156)

	Integrated Marketing Automation	No Marketing Automation	Gap
Lead funnel management	49%	26%	24%
Measuring and improving lead quality	47%	24%	23%
Lead hand-off process to sales	54%	38%	16%
Measuring and improving marketing effectiveness and ROI	39%	24%	15%
Testing and continuous improvement	46%	32%	13%
Overall alignment with sales	55%	48%	7%
Campaign management	54%	51%	3%

3. The Right Financial Metrics, Supported by Automation Improves Performance

Marketing metrics that are more business-related and bottom-line oriented are more prevalent among top tier marketers and higher growth companies. The presence of integrated marketing automation aligns to use of these key metrics.

Reporting Performance Metrics on Marketing Programs

Across all B2B lead generation marketers, the performance metrics most often reported to senior management include Number of Marketing Qualified Leads (58%), Number of Opportunities (48%), and Percent Response or Engaged (47%). Funnel conversion metrics are reported by roughly 4 in 10 lead gen marketers (43% report Percent of Leads Converting to Opportunities and 40% report Percent of Opportunities Converting to Sales as shown in Figure 16). Only 13% of marketers surveyed indicate they do not report performance metrics.

Figure 16: Marketing Performance Metrics Reported

Which of the following marketing performance metrics does your marketing organization report to senior management? (n = 261)

Metric	Percent
Number of marketing qualified leads	58%
Number of opportunities	48%
% Response or % Engaged	47%
% of leads converting to opportunities	43%
% of opportunities converting to closed sales	40%
Number of days from lead to closed sale (i.e., sales velocity)	20%
We do not report marketing performance metrics to senior management	13%

Highly effective and efficient marketers were more likely to report lead-based metrics to senior management than their counterparts. The gap between the two is largest with Percent of Opportunities Converting to Closed Sales (55% vs. 39%) and Percent of Leads Converting to Opportunities (55% vs. 42%).

Figure 17: Marketing Performance Metrics Reported – Highly Effective & Efficient vs. All Others

Which of the following marketing performance metrics does your marketing organization report to senior management? (n=29, 226)



Financial Contribution Metrics Reported to Management

Slightly more than one-third (35%) of marketers do not report financial contribution metrics to senior management. Roughly one in three marketers report each of the following metrics Marketing-Generated Opportunity Revenue (33%), Marketing-Generated Closed Revenue (33%) and/or Percent of Total Sales Contributed by Marketing (32%) as presented in Figure 18.

Figure 18: Financial Contribution Metrics Reported

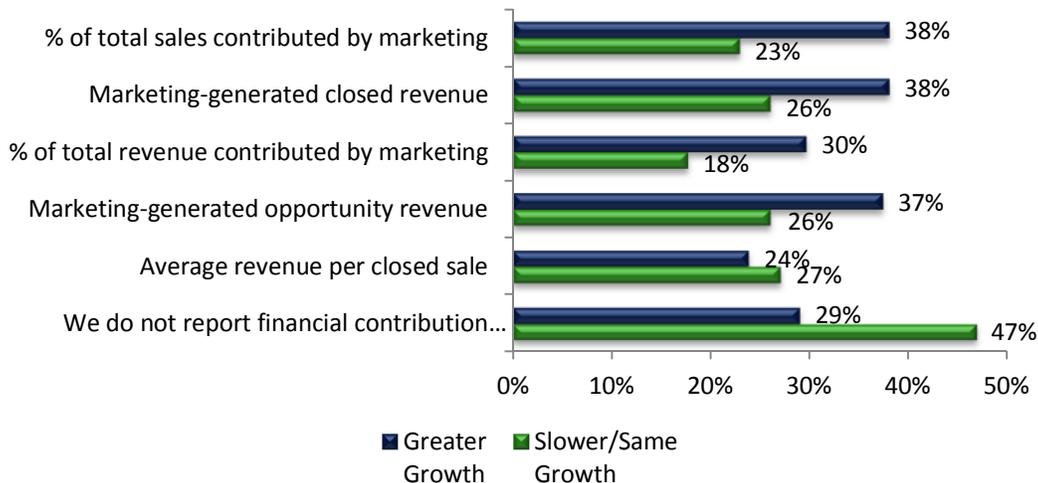
Which of the following financial contribution metrics does your marketing organization report to senior management? (n = 257)

Metric	Percent
We do not report financial contribution metrics to senior management	35%
Marketing-generated opportunity revenue	33%
Marketing-generated closed revenue	33%
% of total sales contributed by marketing	32%
Average revenue per closed sale	26%
% of total revenue contributed by marketing	25%

Greater growth companies report marketing financial contribution metrics more often than slower/same growth companies (71% vs. 53% reporting at least one financial metric). Figure 19 shows the gap between the two groups is the greatest with the following metrics: Percent of Total Sales Contributed by Marketing (38% vs. 23%); Marketing Generated Closed Revenue (38% vs. 26%); and Percent of Total Revenue Contributed by Marketing (30% vs. 18%).

Figure 19: Financial Contribution Metrics Reported – Greater Growth vs. Slower/Same Growth

Which of the following financial contribution metrics does your marketing organization report to senior management? (n = 155, 96)



Metrics Used to Compensate the Marketing Organization

Almost one-half (44%) of marketing organizations are not compensated based on quantified outcomes. Contribution to Revenue ranked as highest as the metric for which marketing organizations are compensated, reported by 27%. Other metrics were reported by roughly one in six as shown in Figure 20.

Figure 20: Marketing Organization Compensation Metrics

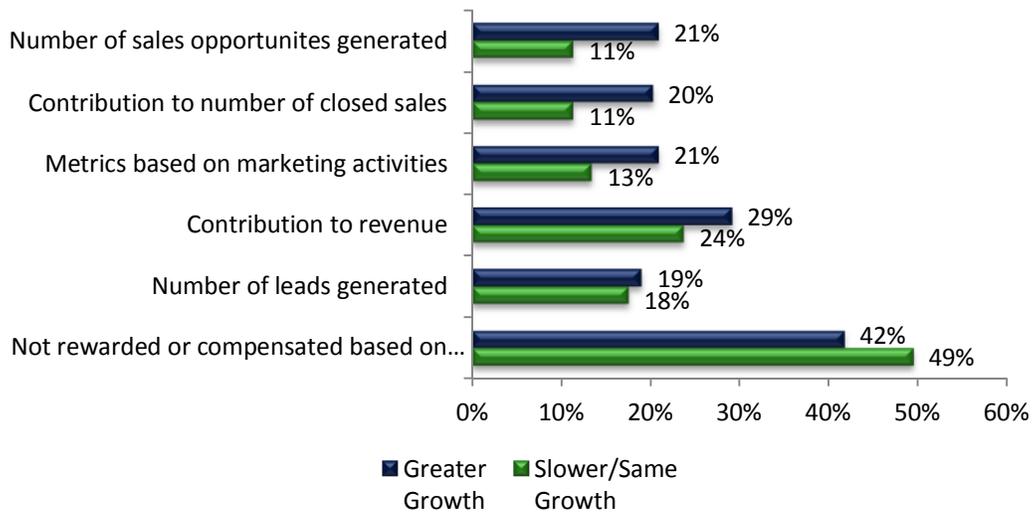
For which of the following is your marketing organization rewarded and/or compensated? (n = 243)

Metric	Percent
Not rewarded or compensated based on quantified outcomes	44%
Contribution to revenue	27%
Metrics based on marketing activities	18%
Number of leads generated	18%
Number of sales opportunities generated	17%
Contribution to number of closed sales	17%

Greater growth companies utilize revenue and sales lead metrics to compensate the marketing organization more often than slower/same growth companies. The greatest difference was observed with the Number of Sales Opportunities metric (21% higher growth companies vs. 11% of slower/same growth companies as shown in Figure 21).

Figure 21: Marketing Organization Compensation Metrics – Greater Growth vs. Slower/Same Growth

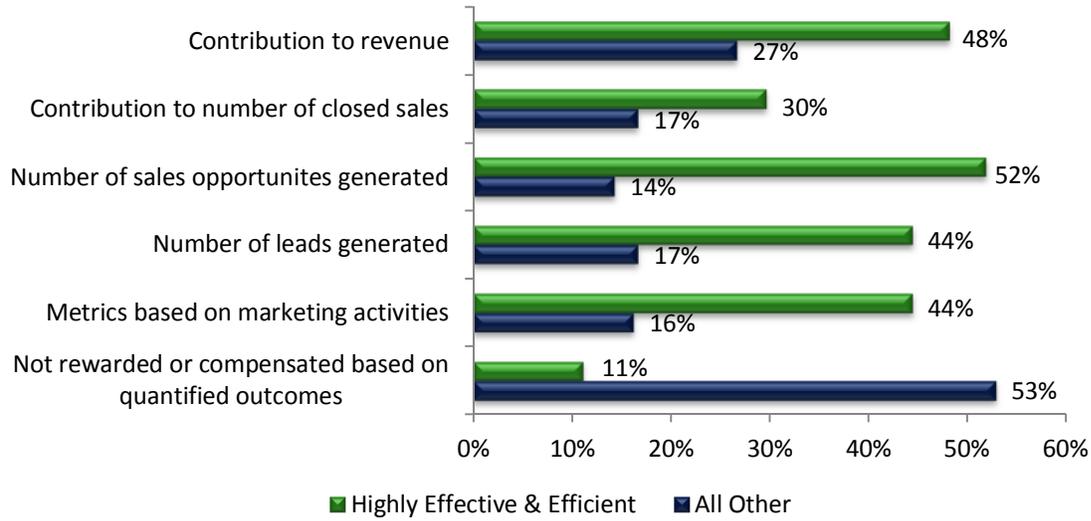
For which of the following is your marketing organization rewarded and/or compensated? (n = 148, 89)



Highly effective companies use revenue and sales lead metrics to compensate the marketing organization more often than slower/same growth companies. The greatest difference was observed with the Number of Sales Opportunities Generated (52% vs. 14%), Metrics Based on Marketing Activities (44% vs. 16%) and Number of Leads Generated (44% vs. 17%) as shown in Figure 22.

Figure 22: Marketing Organization Compensation Metrics – Highly Effective vs. Other

For which of the following is your marketing organization rewarded and/or compensated? (n = 29, 226)



4. Marketing ROI Adopter Summary

Slightly more than one-quarter (28%) of B2B lead generation marketers use marketing ROI metrics to assess marketing effectiveness (see Figure 23). The three year trend of marketers utilizing marketing ROI to assess marketing effectiveness is relatively constant with 24% in 2009, 27% in 2010 and 28% in 2011(see Figure 24).

Figure 23: Marketing ROI Use – B2B Lead Generation Marketers

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n = 255)

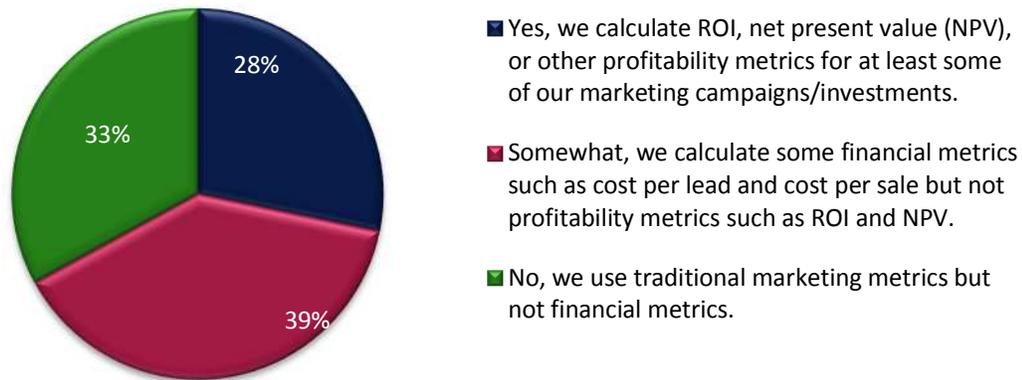


Figure 24: B2B Lead Generation Marketing ROI Use – 3-Year Trend

Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (n = 326, 226, 255)

	2009	2010	2011
Yes, we calculate ROI, net present value (NPV), or other profitability metrics for at least some of our marketing campaigns/investments.	24%	27%	28%
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%	38%	39%
No, we use traditional marketing metrics but not financial metrics.	34%	32%	33%

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

- More likely to report greater growth than their competitors (71% vs. 55%).
- Describe their marketing as highly effective and efficient (26% vs. 6%).
- More likely to indicate that they have “very much” improved their capabilities to measure ROI over the past year (33% vs. 2%).

- More likely to report performance metrics to senior management (94% vs. 76%).
- More likely to report financial contribution metrics to senior management (88% vs. 38%).
- More likely to forecast sales-related metrics such as Quantity of Sales (57% vs. 25%), Quantity of Leads (46% v. 24%) and Quantity of Opportunities (43% vs. 24%).
- Much more effective in funnel management metrics with notable differences in Measuring and Improving Lead Quality (47% vs. 16%), Lead hand-off Process to Sales (56% vs. 30%) and Lead Funnel Management (48% vs. 24%).

5. Comparisons by Company Size

Results do not vary significantly for companies based on total annual revenue and are generally directional indicators. Lead generation marketers that reported revenue were analyzed using the following self-reported revenue categories:

Smaller	Less than US\$5 million	37%
Midsized	US\$5 million to US\$50 million	31%
Large	US\$50million or more	31%

The differences found include:

- Midsized companies are more likely to report much greater growth than their competitors more often (smaller 18%, midsized 27%, large 13%).
- The larger the company, the more likely the adoption of marketing automation solutions (smaller 29%, midsized 38%, large 47%).
- The smaller the company, the more likely the marketing organization will be compensated on quantifiable outcomes like Number of Leads Generated or Contribution to Number of Closed Sales (smaller 61%, midsized 57%, large 43%).
- Large companies are more likely not to report marketing performance metrics to senior management (smaller 11%, midsized 9%, large 25%).

Participant Profile

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

Figure 25: Region

In which geographic region is your business based? (n = 262)

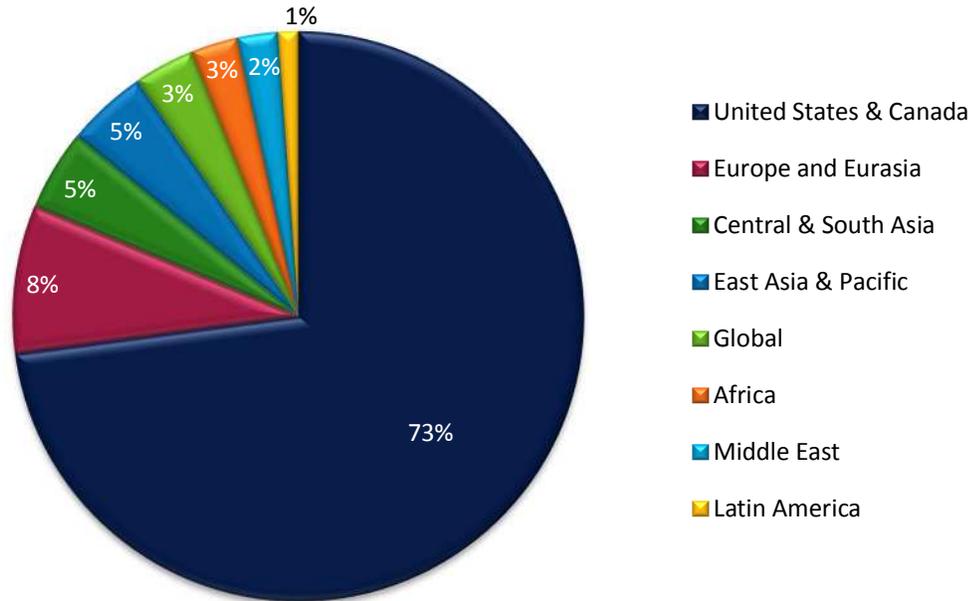


Figure 26: Company Size based on Annual Revenue

Approximately how much annual revenue did your business generate last fiscal year (for government and non-profit groups, please use your expense budget)? (n = 262)

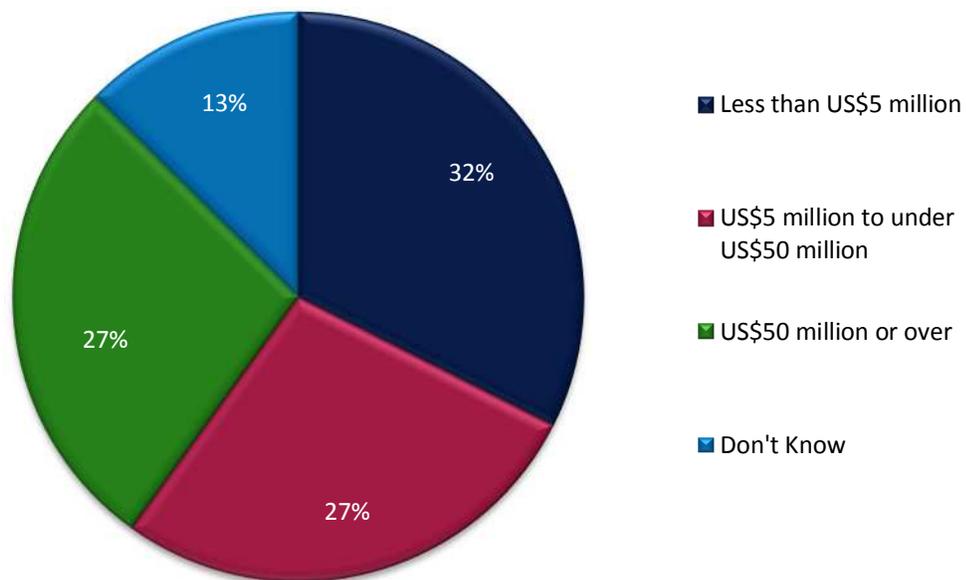
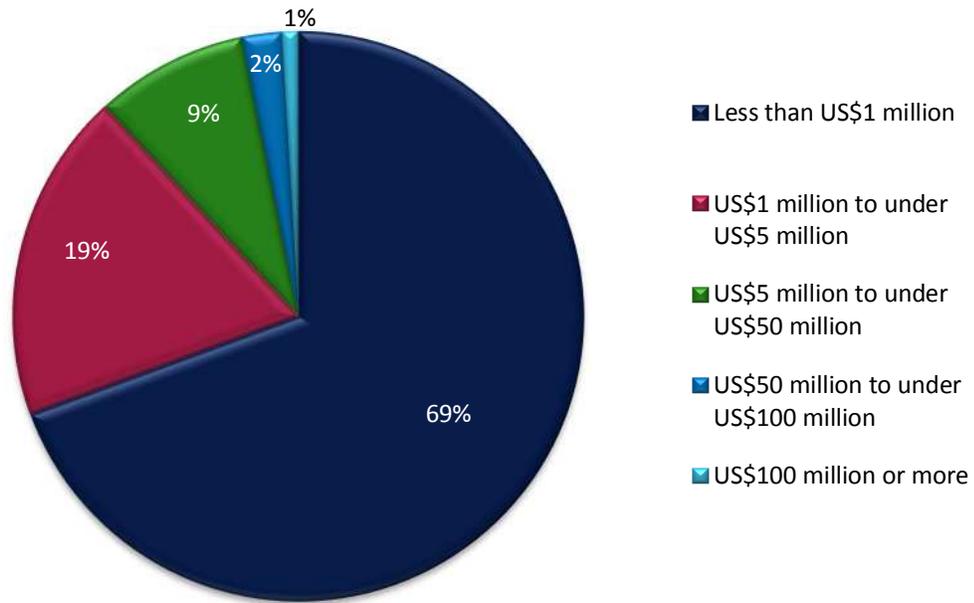


Figure 27: Annual Marketing Budget

Approximately how much did your company spend on marketing, advertising and sales activities in your prior fiscal year? (n = 219)



About the Author

Lenskold Group delivers deeper insights that lead to smarter marketing and more profitable performance. Lenskold Group offers one of the most comprehensive and innovative approaches to applying marketing ROI techniques and tools to plan, measure and optimize marketing strategies toward maximum profitability. Since 1997 the firm has delivered high-quality consulting and marketing services to generate profitable growth for a broad range of Fortune 500 and emerging mid-market client companies such as MasterCard, Kodak, EMC, Seagate, Siemens, Nintendo, and AT&T.

With a world renown reputation for championing best practices, Lenskold Group utilizes a diverse set of advanced ROI measurement tools, techniques and processes including modeling, CFO-quality financial and trend analysis, spreadsheets, and quantitative survey research. Each engagement results in immediate short-term benefits, a degree of lasting impact on both the mindset and processes of the marketing organization, and a path to additional sources of long-term success. With a team of senior consultants and partners who have extensive backgrounds in profitability management, promotional response models, and in-depth analytics, Lenskold Group offers 360-degree customized solutions for measuring and improving marketing ROI.

In addition to client engagements, Lenskold Group is recognized globally as a leading thought leader on marketing ROI and measurements. Company founder Jim Lenskold is the author of the award-winning book, “Marketing ROI, The Path to Campaign, Customer and Corporate Profitability” (McGraw Hill) – named one of the top five most influential marketing books of 2004 by the American Marketing Association Foundation.

Lenskold Group’s senior team of experts are frequently interviewed, called upon to author articles and address industry groups throughout the U.S. and internationally on the subject of marketing ROI and measurements. To continually educate their extensive customer base, Lenskold Group regularly hosts webinars, publishes a “CMO Guide” white paper series and continues to conduct the most extensive research on Marketing ROI & Measurements annually since 2005.

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About the Sponsor

The Pedowitz Group is honored to have partnered with The Lenskold Group in bringing this critical research to market. Now more than ever before, marketing professionals are tasked with accounting for their performance in financial terms. Understanding what to measure, how to measure, and how those measurements stack up against industry and peer best practices are today's Marketing Bible.



For 4 years, The Pedowitz Group has helped over 800 companies move forward on the journey from Traditional Marketing to Revenue Marketing. Creating Repeatable, Predictable and Sustainable revenue streams and connecting marketing to revenue is what we do best. With The Pedowitz Group, marketers achieve measurable results.

Experienced People Deliver Best Practices Focused on Your Success

Companies call The Pedowitz Group when producing revenue is a strategic imperative. If you are considering demand generation solutions, marketing automation programs or initiatives for improved marketing and sales, we would like to compete for your business. Our role, as the fastest growing demand generation agency in North America, is based on our demonstrated ability to help companies:

- Source and select the right marketing automation - lead management solution
- Implement marketing automation and integrate customer relationship management
- Leverage and optimize content and creative
- Knit together people, process and technology
- Institutionalize best practices across marketing and sales
- Outsource demand generation functions
- and finally, drive to a measurable revenue result

One Agency, One Integrated Solution

We represent the world's leading marketing automation vendors and provide our clients with solutions that fully integrate people, processes and technology - unlike typical software providers who only focus on technology. While we provide the software licenses at competitive pricing, we work closely with our clients to fully understand their business and then, based on the hundreds of clients we serve, suggest an array of services that help ensure success. The benefit? Our clients get up and running quicker, with much better results.

When you are ready to buy, implement or leverage your investment in marketing automation, the last thing you need is some rookie trying to tell you how to do it! In this space, knowledge and experience equals fast results and not knowing can be disastrous. At The Pedowitz Group, everyone we hire is a veteran in this space and has walked in your shoes. They have bought, implemented and/or optimized a myriad of marketing automation systems - sometimes two. Not only do they have their own personal stories to share, they are veterans in a space that is just now emerging. We focus on the quality and experience of our people because it helps you achieve your goals, faster.

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