

THE STATE OF B2B LEAD GENERATION

2013: REPORT



A BRIEF BACKSTORY

Companies are always in need of leads as leads are the fuel for the sales pipeline. Without leads, and without sales, there's no such thing as a successful business. The world of lead generation — specifically, B2B lead generation — continues to change as new practices, philosophies, technologies and lead sources always seem to be in flux. That's the beauty of being in this space, whether you generate leads and sell to others, generate leads for your internal sales team or buy leads from third parties, there are so many ways to do it and it can be hard to know if you're doing the right things. Tracking ROI will always tell you if you're spending money in the right places, but that can be difficult and you still don't know if you could be doing more.

Plus, it's easy to find stats and studies littered everywhere online — but what do you make of it and does it speak to your exact situation? Our goal with this report is to provide rich insights into what's happening within B2B lead generation specifically: what are the key takeaways and how can you benchmark yourself against other similar companies. In other words, we want you to feel like you're not alone; there are thousands of companies out there experiencing many of the same things you are. Through data, we're trying to tell you the collective story and paint the picture of where online lead generation in the B2B space stands at this very moment.

And so, we bring you the State of B2B Lead Generation for 2013.

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OUR GOAL, IN A NUTSHELL

We asked nearly 175+ B2B marketers, admittedly, a lot of questions. We were especially curious about a number of key topics, including:

- Use of technology like CRM and Marketing Automation software and if adoption of these platforms has increased.
- How B2B companies process and route leads. Are leads received in real-time? Are leads immediately integrated into a CRM or Marketing Automation platform? Are leads directed immediately to sales, or are more companies realizing that leads aren't always ready to be called on right away? Are companies following up on leads quickly? You get the idea.
- Which lead sources are B2B marketers using? What sources would they consider 'rising stars' versus those they consider 'disappointing'?
- Are B2B marketers receiving enough leads? For the leads they do buy, are they early or late stage

leads and what information is included within each lead?

- Of course, we also asked about lead generation budgets — are they increasing? But uniquely, we also asked where B2B marketers would pour money if they had an unlimited budget (imagine how cool that would be).

And, best of all, the takeaways we'll share with you aren't just numbers with no context. As this is the 2nd annual State of B2B Lead Generation, where appropriate, we'll show you how these benchmarks have changed since our last report for 2012.

WHAT WE LEARNED

Though it might be a tad unorthodox, we're not going to hold our key conclusions until the end. We're going to share them right here, right now. But don't worry, we'll still do a detailed breakdown of the data at the end, but we know you're busy and want to know the key takeaways first, so here goes:

#1 TECHNOLOGY USAGE IS STRONG WITH B2B MARKETERS: WHILE CRM IS PREVALENT, MARKETING AUTOMATION STILL LAGS.

WHAT THE DATA SAYS :

On the whole, B2B marketers are indeed using CRM platforms, but adoption of Marketing Automation still lags:

- 74% of survey respondents indicated they are using a CRM system, which is a big increase from 2012 where only 56% said they had a CRM in place.
 - » CRM usage, unsurprisingly, increases with larger companies as nearly 91% of companies with more than 11 employees use a system, while only half of companies with 10 or less employees do so.
 - » For those who don't use a CRM system, 21% of respondents said it is a priority (versus 16% in 2012) and only 18% said they are still using Excel to track leads (versus a whopping 30% in 2012).

In terms of Marketing Automation, we still don't see huge market penetration amongst B2B marketers with only 39% of those surveyed saying they have the software in place. However, adoption is gaining traction since last year, when only 13% indicated they had made the investment in Marketing Automation.

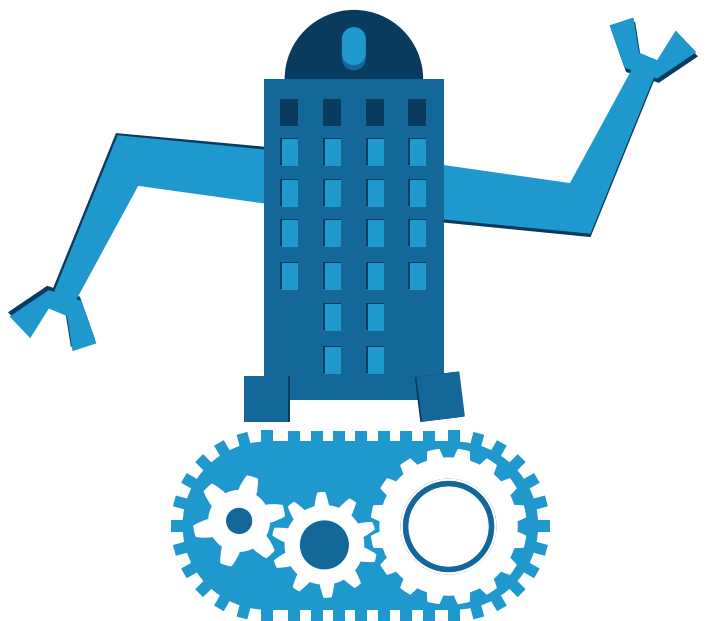
- We see a similar trend in that the larger the company (employee-size wise), the greater the adoption — but it's much more pronounced with

Marketing Automation than it is for CRM:

- » Larger companies (those with 100 or more employees) use it at a rate of 76%.
 - » Mid-size organizations (those with 11 to 100 employees) use at 26% clip.
 - » Small companies (less than 10 employees), unsurprisingly, only use Marketing Automation at a rate of 18%.
- For those who aren't using Marketing Automation, nearly one-third of respondents indicate they plan to implement it, but we continue to see many B2B marketers still unsure of what it is:
 - » 30% still don't know what it is, which is only slightly better than the nearly 44% who said they didn't know what it was in 2012.

WHAT THIS MEANS :

B2B marketers are realizing that the use of technology can really help both their marketing and sales efforts. We've seen a big jump in CRM adoption in just one year, from 56% to 74%. We'd expect that trend to continue as tracking lead performance is critical to true marketing and sales alignment. The uptake of Marketing Automation is a bit puzzling though.



While it is improving — no doubt, it's still not being used by B2B marketers in nearly the capacity we would have thought given the intense industry commentary and abundance of both vendors and content within the B2B marketplace. It will be interesting to watch how this trend continues, and if those 30% of respondents who say it's a priority make it one in 2013 and beyond.

#2 USE OF TECHNOLOGY CHANGES PERCEPTION OF LEAD QUALITY FOR THE BETTER.

WHAT THE DATA SAYS:

- B2B marketers who agree with the statement that the leads they receive *are of reasonable quality* are:
 - » More likely to be using a CRM (89%)
 - » Use marketing automation (53%)
 - » Have an understanding that they're getting enough leads (53%).
- Compare that to those *who disagree that the leads they receive are of high quality* and you see that only:
 - » 78% use a CRM system
 - » 29% use marketing automation
 - » More than 90% are adamant that they are not receiving enough leads.

WHAT THIS MEANS:

In a nutshell, while the cost of CRM and/or Marketing Automation isn't insignificant, it might end up saving companies money in the end. The data above would lead us to believe that those who use these technologies are reasonably happy with the quality of leads they receive and, importantly, know they receive enough lead volume. Those who don't use technology think the quality of leads they receive is not as high, and are very adamant that they're not getting enough leads. That makes sense because they're probably not tracking the volume of leads and quality they need

“...while the cost of CRM and/or Marketing Automation isn't insignificant, it might end up saving companies money in the end.”

to be able to truly assess these factors. So, to them, of course it seems like lead quality and lead volume is poor. The point here is — how could they know? The lesson, then, is technology is critical and might actually be a cost-saver in the long-term.

#3 THE SPEED OF LEAD FOLLOW-UP MIGHT NOT BE AS IMPORTANT AS EVERYONE THINKS.

WHAT THE DATA SAYS:

64% of the B2B marketers we surveyed indicated following-up on a lead within one hour, which is actually down versus 2012, where 80% of respondents said they followed-up within an hour.

- Of those using a CRM or Marketing Automation platform, only 34% follow-up on leads within an hour.
- Conversely, the 85% who don't use this technology do find it necessary to follow-up within an hour.

And while lead follow-up is an important aspect, the question of where the lead is routed to is also an interested topic to discuss:

- For most (nearly 50%), the first place leads are routed to is directly to sales.
 - » But 63% of survey respondents also indicated that they're buying early-stage leads (e.g. a whitepaper download) as part of their lead generation repertoire.

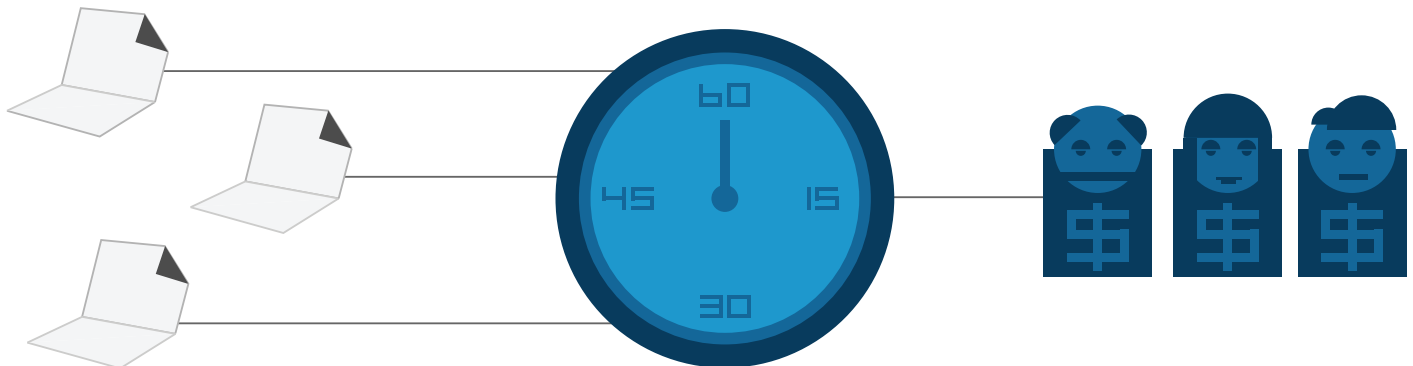
WHAT THIS MEANS

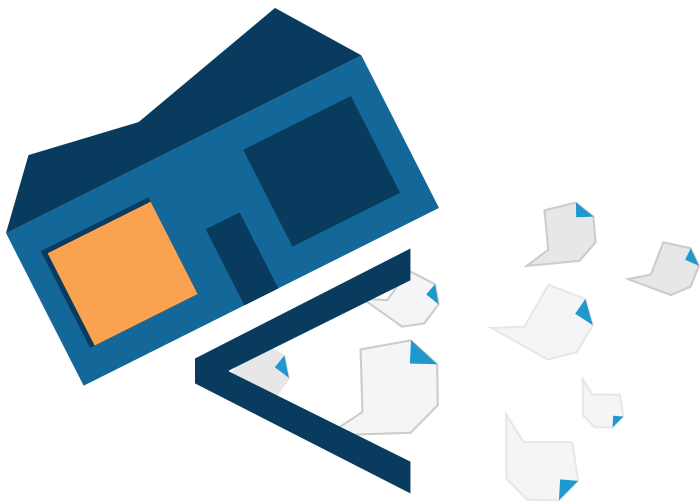
The topic of fast lead follow-up is often discussed and there is a lot of data to support the notion that faster lead follow-up yields more closes. We don't seek to reject that theory, but we do wonder if the changing way leads are generated and how prospective buyers interact with companies and salespeople might indicate a shift in how necessary it is to respond to leads so quickly. Certainly, for those leads that are sales-ready and want to talk pricing and features, quick follow-up is really important. But for those earlier stage leads — the ones who have downloaded your latest ebook or viewed a webinar you conducted — while still a lead, they're probably not ready to be called on right away. So the speed of follow-up should change depending on the type of lead that's generated. A phone call from sales might be appropriate for some leads but for others, an email with additional content is the right approach. Lead generation companies have long been guilty of coaching B2B marketers on the need for speed. That's

“... we do wonder if the changing way leads are generated and how prospective buyers interact with companies and salespeople **might indicate a shift in how necessary it is to respond to leads so quickly.**”

still true in lots of cases — but not all, and so B2B marketers should respect the nuance of each lead.

The good news is those B2B marketers who are using technology seem to be getting this concept. We know from the data that they're not following up on leads as quickly, but their perception of lead quality and lead volume skews positive. Therefore, it's not a huge leap to say that's likely because they have a firm understanding of the right way to follow-up on leads, can track lead performance and ROI and truly understand the lead volume they need to keep their pipeline optimized. So, while speed is important, the level of importance should be determined by the type and stage of lead you're following up on.





#4 B2B MARKETERS WANT MORE LEADS AND ARE WILLING TO PAY FOR THEM.

WHAT THE DATA SAYS:

56% of respondents slightly or strongly disagree with the statement that they're getting enough leads, which is on par with what we found in 2012, with 58% indicating as such. Now, compare that with only 22% of B2B marketers who say they're receiving enough leads — yeah, the appetite for more leads is real.

That hunger is even more apparent when we asked about lead generation budgets: 45% of respondents told us that their lead generation budget (not marketing budget, mind you) increased year over year. We see this increase in lead generation budgets across company sizes too — so it's not just amongst those who can seemingly afford to buy more leads, even SMBs want more leads too.

But just asking about lead generation budgets is kind of boring if we're being honest. Yes, its good news, but we're really wondering what B2B marketers would

do with an unlimited budget; where would they pour that money if they had to pick just one place? And as you might expect, 31% of respondents said buying more leads would be their most popular choice if granted an unlimited budget (if only!). And, when we asked respondents to look into the future and tell us what they think will be the key game-changer for success with lead generation, the majority indicated "increasing the quantity of leads". Point taken.

WHAT THIS MEANS:

It's clear that B2B marketers want more leads. We see it with lead generation budgets increasing versus last year, and when asked, again and again the story is more leads are wanted. What's interesting is that B2B marketers are, at this point, actually generating more leads themselves versus leaning on third parties to generate leads for them. This leads us to believe that a lot of B2B marketers feel like they've maxed out their internal methods and feel the need to go outside to get more leads. But don't just take our word for it, as companies are increasingly using more and more lead sources.

"a lot of B2B marketers feel like they've maxed out their internal methods and feel the need to go outside to get more leads."

#5 COMPANIES WANT LEADS, AND THEY'RE RELYING ON THIRD PARTIES.

WHAT THE DATA SAYS:

On average, B2B marketers are using 6.4 lead sources, which is a big increase from 2012 where only 4.1 lead sources were used. The number of lead sources used does increase by size of company, which makes sense because the larger the size of company, presumably, there are more resources, budget and technology to support the management of multiple lead sources:

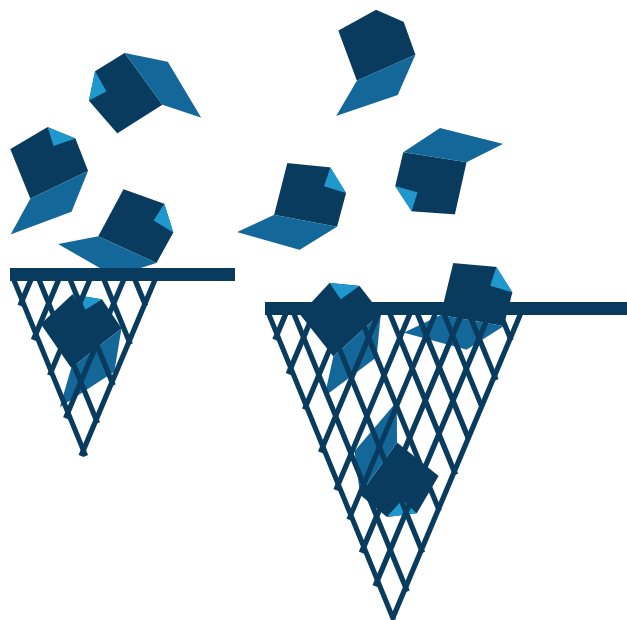
- Companies with less than 10 employees average 4.5 lead sources
- Companies with 11-100 employees average 6.1 lead sources
- Companies with more than 100 employees average 8.4 lead sources.

Most popular lead sources are individual websites (not surprising), lead generation companies like BuyerZone or emedia, and email. Least popular lead sources include traditional advertising (TV, radio and print), online or offline directories and affiliate marketing.

When asked which lead channels are a rising star, lead generation companies like BuyerZone scored highest (we didn't try to make it turn out that way, we promise). And when we asked which lead channel has been the biggest disappointment, PPC came out as number one. The hypothesis here is that's because of the 3 c's: rising cost, complexity and competition.

WHAT THIS MEANS:

There is still a mix of lead sources used amongst B2B marketers — both internal (i.e. your website) and external (i.e. a lead generation company). As companies need more and more leads, we suspect



they'll continue to rely heavily on external companies to help fulfill that demand. Two surprises that arose from this:

1. Email isn't dead despite the online obituaries you might read.
2. PPC seems to be falling out of favor. It will be interesting to see how this plays out.

#6 B2B MARKETERS ARE TRACKING — BUT THOSE WHO DON'T AREN'T CHANGING

WHAT THE DATA SAYS:

When we asked about lead tracking, B2B marketers indicated that close rate is the most popular metric in terms of assessing ROI (almost two thirds told us this) — which is probably not a big surprise. And if you're not sold on that, 47% told us that close rate is also the most important, so it's not just a popularity contest. They mean it.

When asked about other popular metrics used to track leads:

- Nearly 50% of respondents said they're using "qualification rate" as a metric, but only 11% said they track the lifetime value of a lead (and its unpopularity is confirmed when they told us it's also their least important metric).

"The bad news is we still see a decent percentage of B2B marketers not tracking their leads — mostly in smaller organizations."

So lifetime value of a lead is not important to B2B marketers, but close rate, and increasingly, qualification rate is. Got it. That's mostly good news, because tracking is important — but we're still seeing a decent chunk of B2B marketers not tracking leads at all (in fact, 13% said they don't).

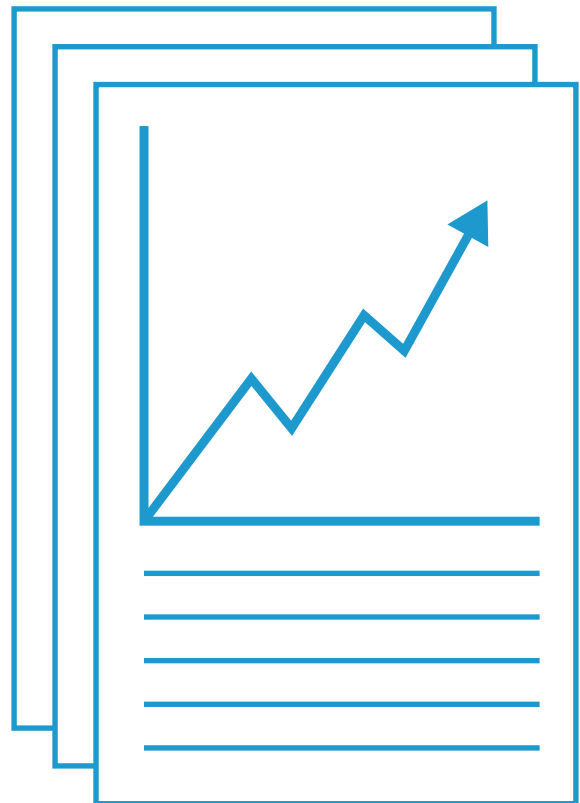
- Among the 13% who aren't tracking, it's mostly centered within smaller sized businesses:
 - » 80% of those who don't track have less than 100 employees
 - » 33% have less than 10 employees.

WHAT THIS MEANS:

The good news is lots of B2B marketers are tracking their leads, with close rate being the most commonly used method of assessing ROI. What's also encouraging is the usage of qualification rate as a metric as this might show a shift in how B2B marketers are assessing quality. Close rate can be a

very binary metric — it's certainly an important way to assess, but lead tracking goes deeper than how many deals have you closed. It's also about how many leads are "qualified" — yes, a more nuanced look, but it's also a way to uncover if the issue of ROI is actually a lead source issue or a sales/marketing process issue.

The bad news is we still see a decent percentage of B2B marketers not tracking their leads — mostly in smaller organizations. This makes sense given limited budgets and resources to track leads properly — but what's really surprising is our data is telling us that the majority of these companies are using a CRM (65%), so they do have the capability to track, they're just not taking advantage of it. And even if we cut them some slack and convince ourselves they'll track soon, they've told us they're not going to. When we asked this respondent pool if they planned to track ROI in the future, not one said they would. Sort of a bummer if you ask us.





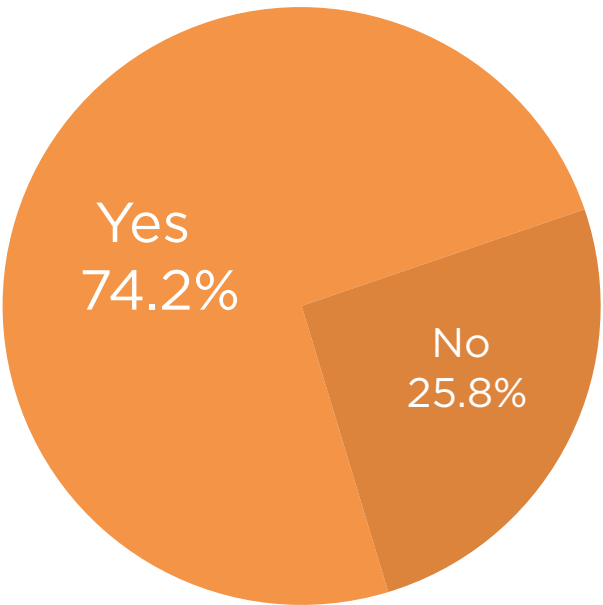
WHAT YOU SHOULD TAKE AWAY

- **Technology matters.** It really, really does. While investing in CRM or Marketing Automation may seem like a lot of money up-front, it will save you money in the end. By using technology, you'll be happier with the lead quality and won't waste money on buying more leads than you need.
- **Speed of lead follow-up is important, but it's not all or nothing.** The type and stage of the lead you're following up on should determine the speed and manner in which you follow-up. Fast is good, but it's not the only factor.
- **B2B marketers aren't getting enough leads** and are turning to more and more lead sources to drive the volume they need. There is a huge appetite for more leads.
- **Tracking ROI is an improving discipline,** but there's still a subset who don't do it and, alarmingly, have no plans to do so in the future.

The State of B2B Lead Generation 2013 yielded some really interesting data and learnings. We've shared what we think are the most important lessons and hope you find this data helpful as you think about your business. It's important to note that this is merely a snapshot in time — you may find information here as a validation of your efforts, a wake-up call or something you vehemently disagree with. However you come away from this, our goal is to share with you what other similar companies are experiencing. Your perspective might be the same or different — but we're all in this evolving industry together. And next year, we'll see where we've come and where we're headed.

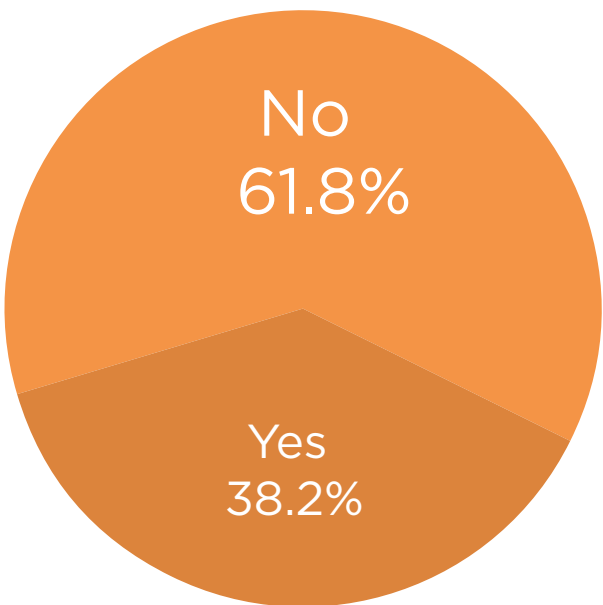
THIRSTY FOR MORE? HERE'S THE DATA:

Do you use CRM software?



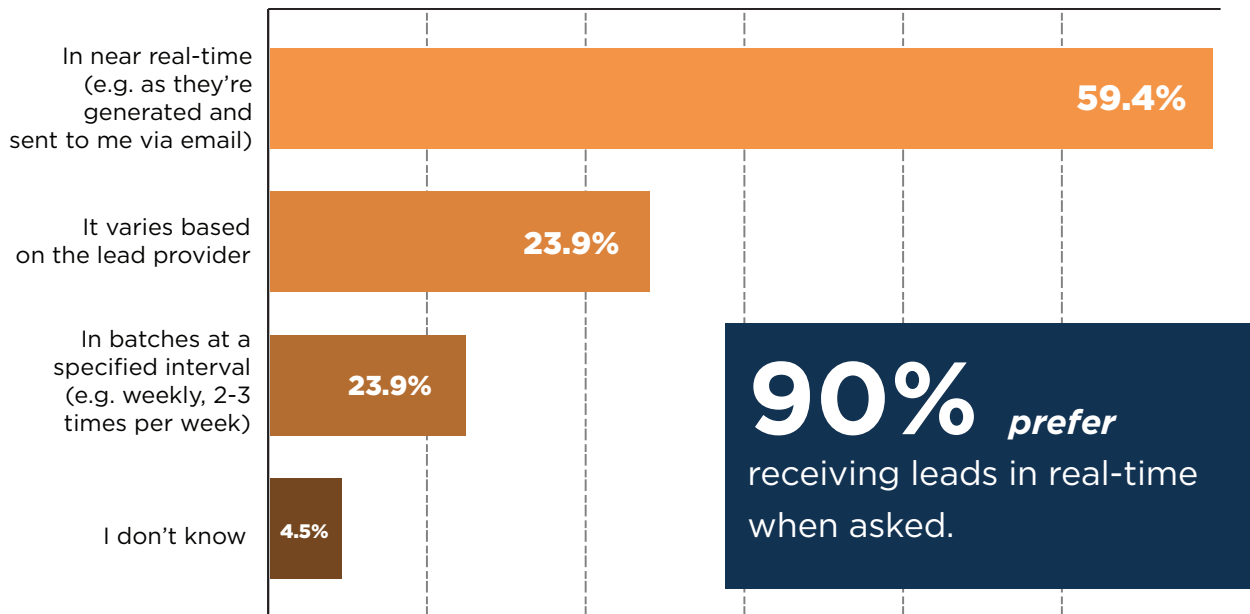
90% use third party software like Salesforce or NetSuite.

Do you use marketing automation software?

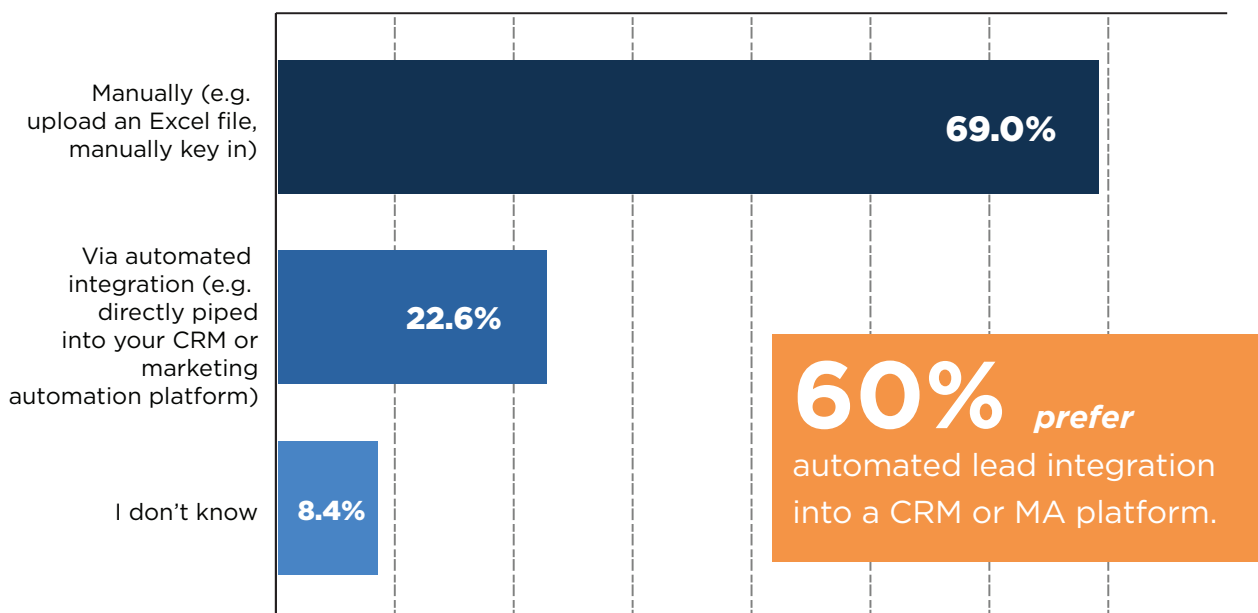


87% use third party software like Eloqua or Marketo.

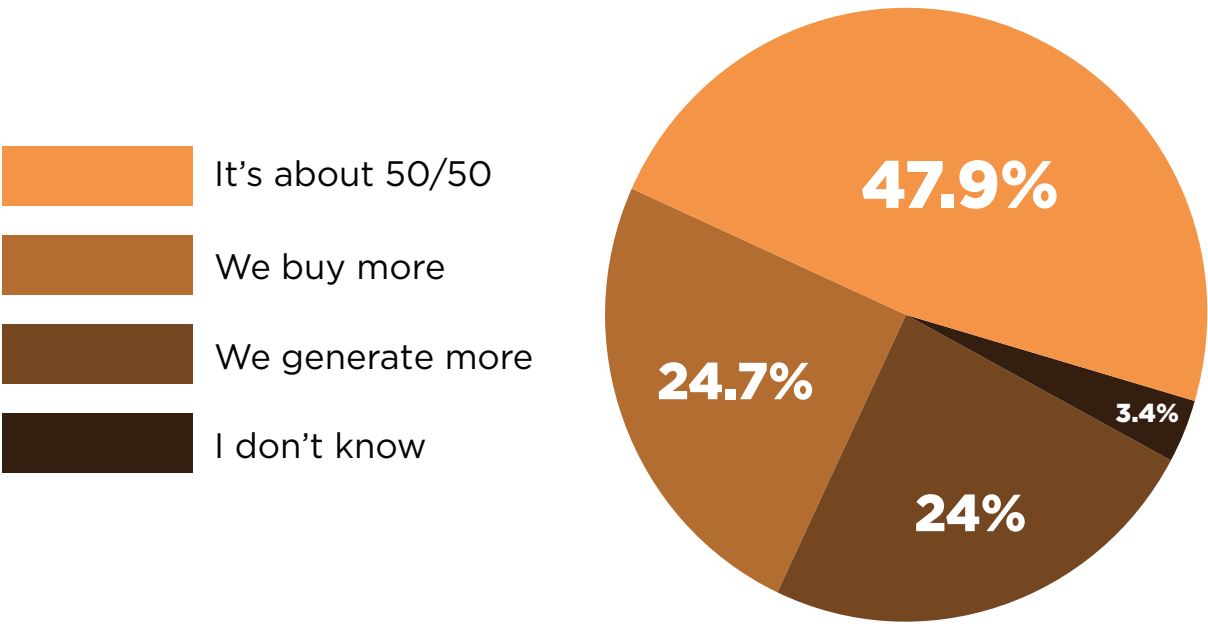
How often do you normally receive most of the third party leads that are generated for you?



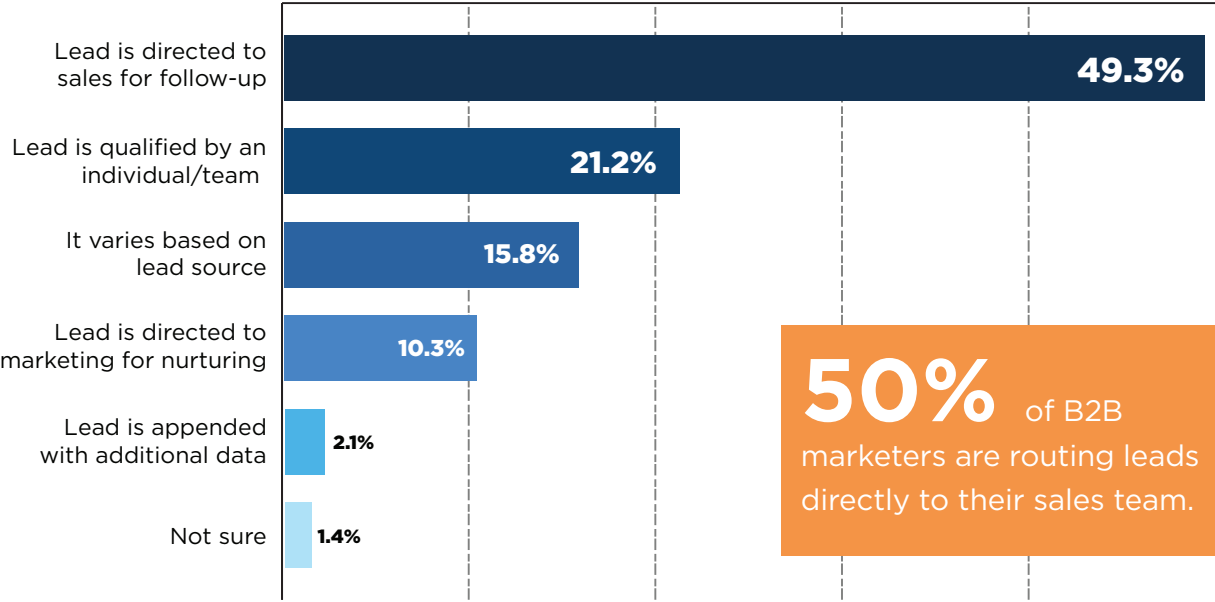
How do you typically upload leads that are generated for you by a third party?



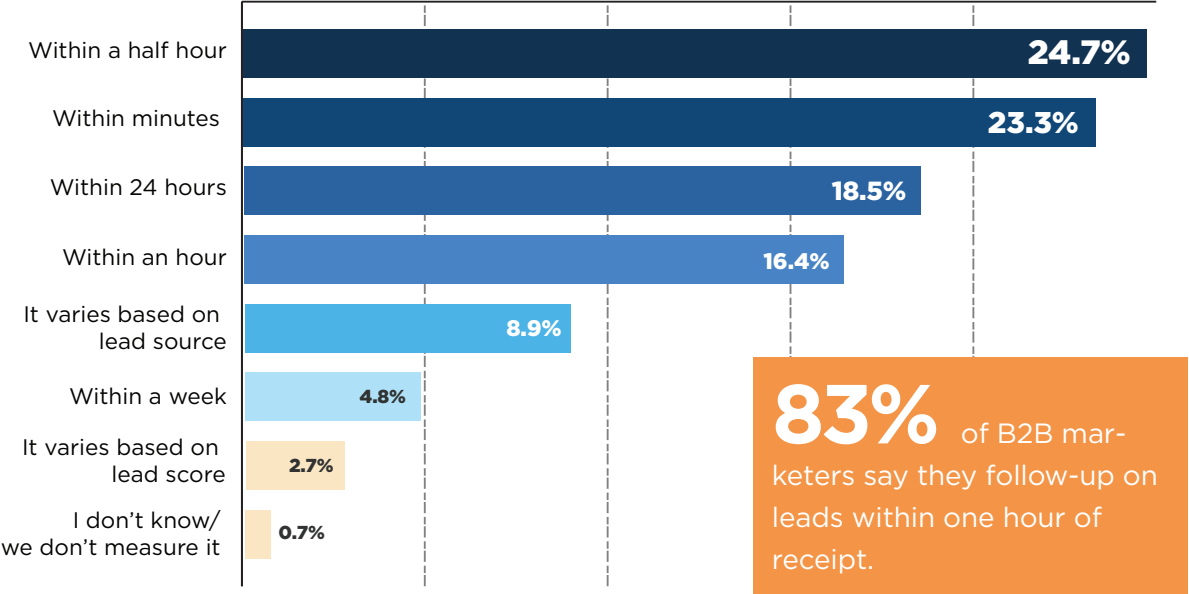
What is the approximate split between the leads you receive from third parties versus those you generate on your own?



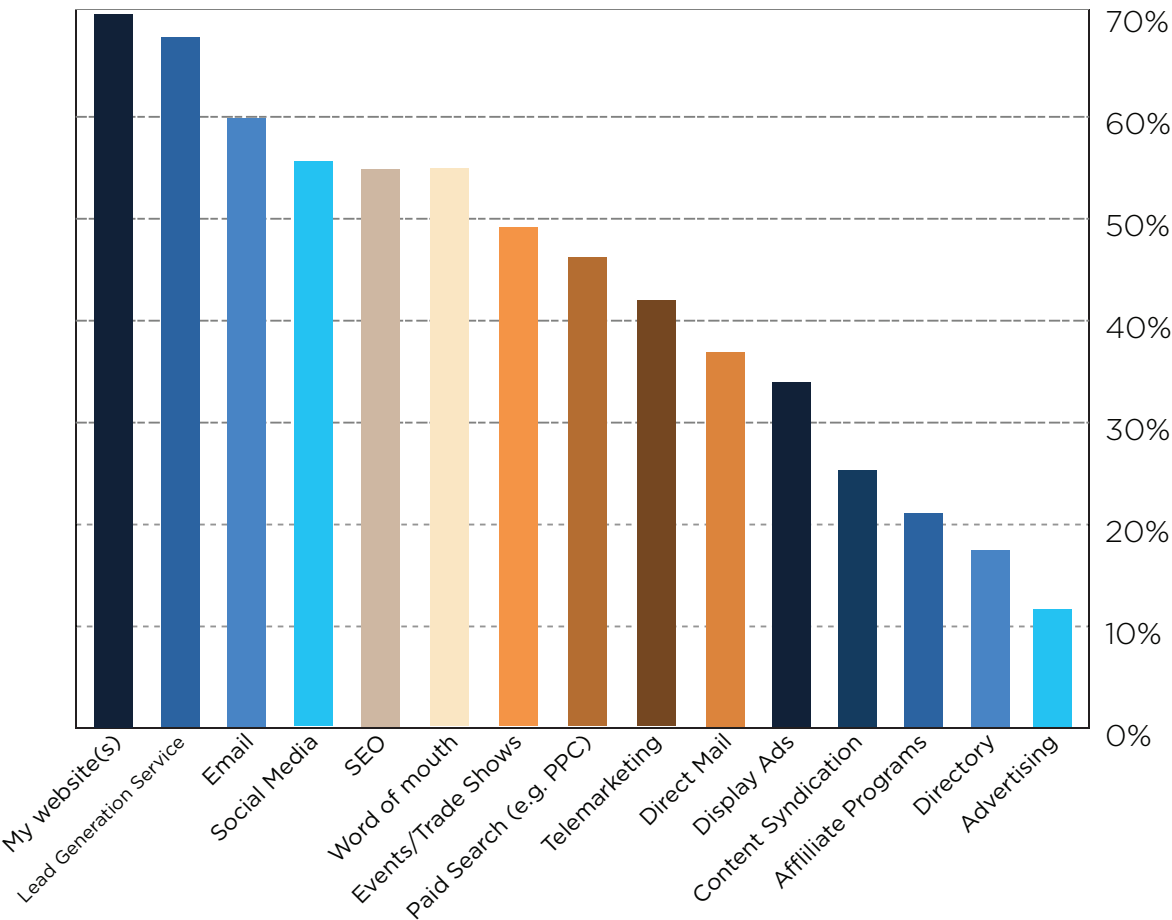
When you receive a lead, what is the first step?



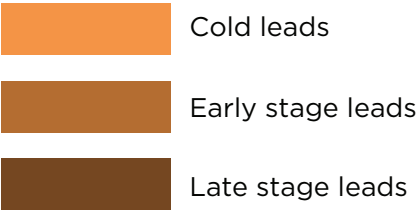
How quickly does your company respond to inbound leads
(in other words, how quick is the first ‘touch’ regardless of department?)



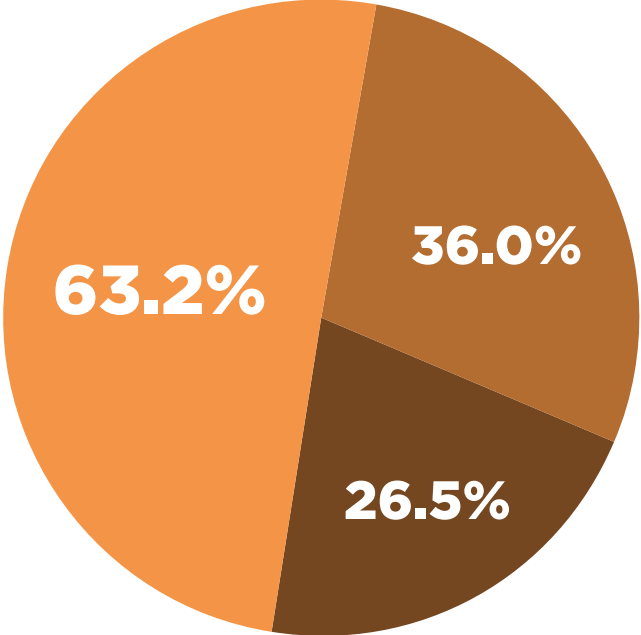
Which of the following lead generation sources do you currently use?



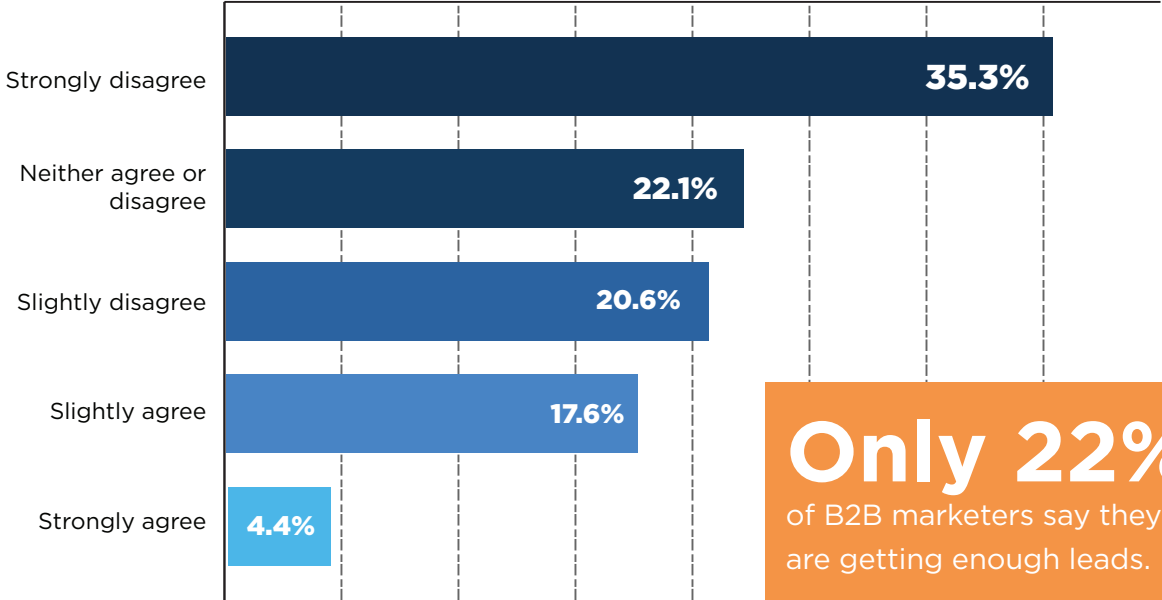
For the leads you receive from third party lead sources, at what stage within the buying cycle are the leads typically at?



63% of B2B marketers say they are buying early stage leads.

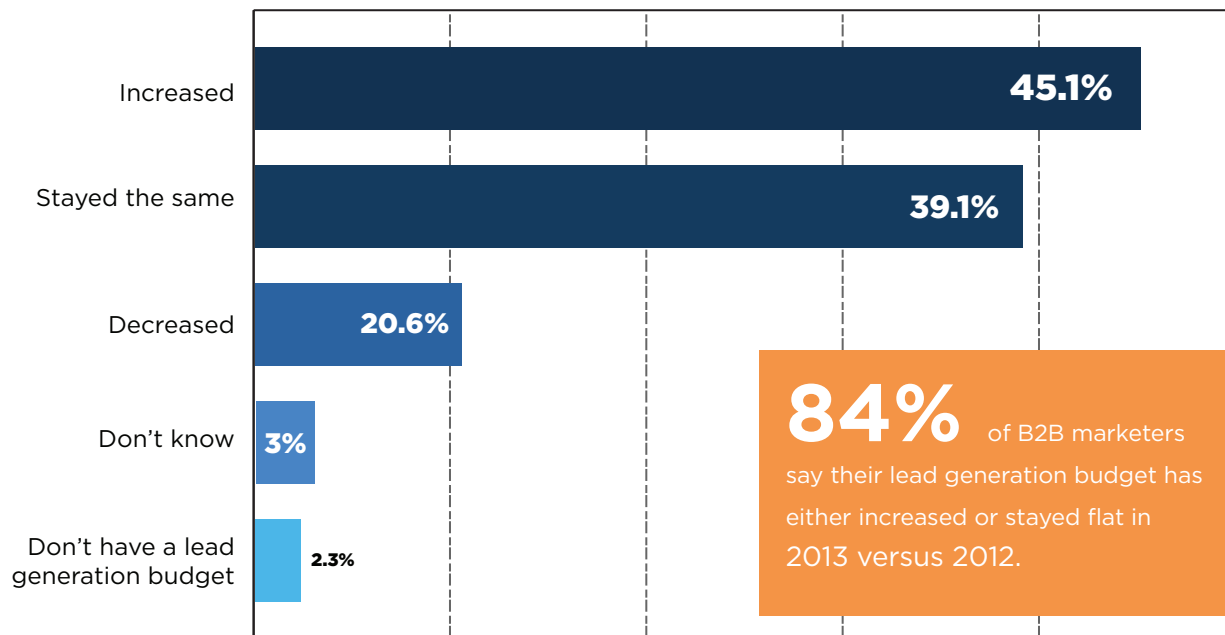


Agree or disagree: Overall, you're getting enough leads.

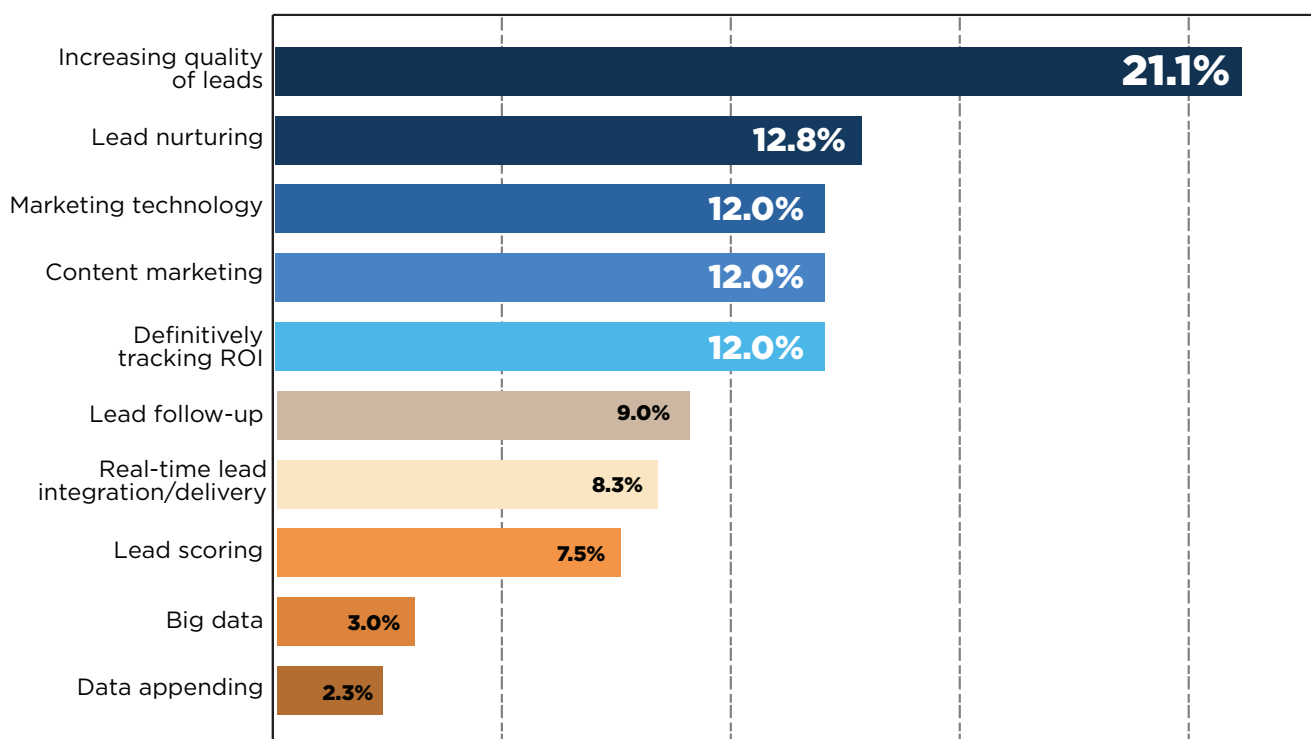


Only 22% of B2B marketers say they are getting enough leads.

How has your lead generation budget changed from 2012 to 2013?



Looking ahead, what do you think will be the key game-changer for the future of lead generation success?



METHODOLOGY

This State of B2B Lead Generation 2013 report was produced from a survey conducted in August 2013. We gathered data through an online survey sent to current BuyerZone clients, current emedia clients, and B2B members of LeadsCouncil. 178 businesses completed the survey – they were not incentivized to do so aside from the option to receive a copy of this report upon its publication. 26% of respondents have less than 10 employees, 43% have between 11 and 100 employees, 26% have 101 to 999 employees and 6% have more than 1,000 employees. As the majority of respondents currently purchase leads from BuyerZone and/or emedia, this implies that our pool of respondents are slightly more familiar with online lead generation than a completely random sampling of U.S. businesses. We don't think it matters, but thought it was worth mentioning.

ABOUT US:



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