

The **STATE** *of* **B2B**
LEAD NURTURING

*Key Data, Approaches, and
Untapped Opportunities*

bizo

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**MARKETING
CLOUD**

About this Report

In May 2014, Bizo, in association with Oracle Marketing Cloud, surveyed more than 500 business executives about their companies' lead nurturing challenges and strategies. The survey revealed that, even as the importance of marketing's role has grown, many organizations are still struggling to develop comprehensive, multi-channel lead nurturing programs, and that tremendous opportunities lie ahead.

All statistics mentioned in this report were taken from the 2014 survey unless otherwise noted.

Key findings include:

- Marketing organizations are increasingly responsible for contributing to the sales pipeline with **nearly 60 percent of marketers** reporting they are delivering at least 20 percent of B2B company revenues, and almost **25 percent contributing more than 40 percent**.
- B2B companies are making significant investments in lead nurturing programs. A testament to the growing number of resources dedicated to lead nurturing, more than a third of marketers claim that **less than 25 percent of budget goes toward prospecting new leads** versus nurturing existing ones.
- Email marketing is widely used, but does not reach a significant proportion of known contacts. On average, **79 percent of marketers say their email open rates don't exceed 20 percent**.
- **Less than 5 percent** of anonymous website visitors fill out contact forms on business websites.
- Marketers are expanding their use of marketing automation platforms. Nearly three-quarters of marketers are currently using

marketing automation solutions, and **82 percent plan to maintain or increase their investment in marketing automation** over the second half of 2014.

- In order to help fill the sales pipeline, **marketing must embrace a truly multi-channel lead nurturing strategy** that goes beyond traditional email marketing strategies.

Introduction: Today's B2B Lead Nurturing Challenge

In the modern business landscape, B2B marketers are facing significant hurdles in the process of nurturing prospective customers through the buying process.

The growth of digital media has led to a dramatic shift in the way that companies research and choose solutions for their businesses. Today's prospects are taking advantage of the wealth of information available online from both industry and social media sources to research and evaluate vendor solutions in great depth—without engaging with each vendor's sales team until they have ostensibly made their decisions. In fact, Forrester found that in many cases, the B2B buyer's journey is 90 percent complete by the time she contacts a vendor's sales department.¹ In turn, this has led B2B marketers to evolve their strategies in order to effectively reach, engage, and ultimately convert their target audiences.

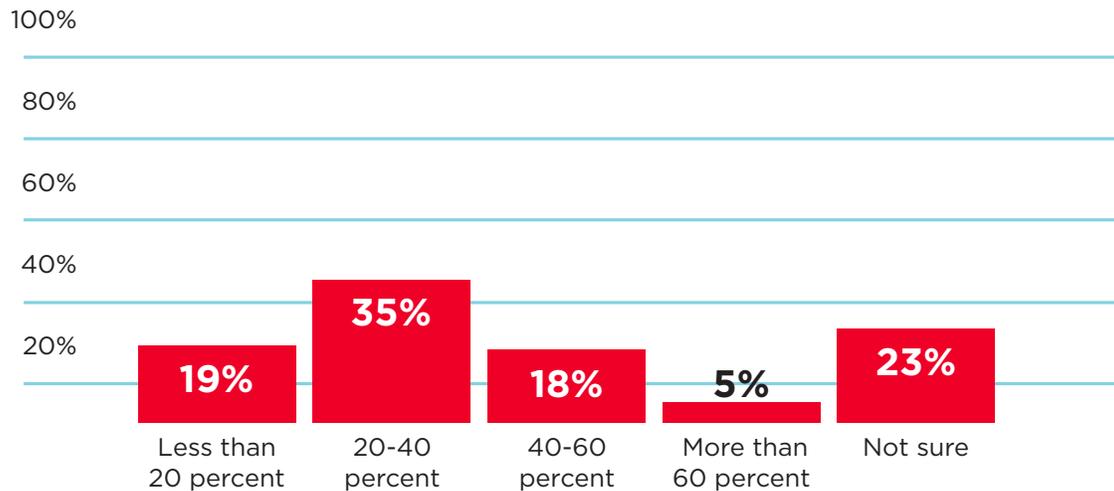
Add to this another significant problem that many marketers face today—the ever-lengthening B2B buyer's journey. Close to half of marketers believe that the time from lead to conversion had lengthened over the past three years.²

It is now the responsibility of the marketer to connect as early as possible in the buying cycle and drive revenue for the company. The marketer's role

¹ Forrester Blog, http://blogs.forrester.com/lori_wizdo/12-10-04-buyer_behavior_helps_b2b_marketers_guide_the_buyers_journey

² "The Evolving B2B Purchase Process," *BtoB Magazine*, April 2013.

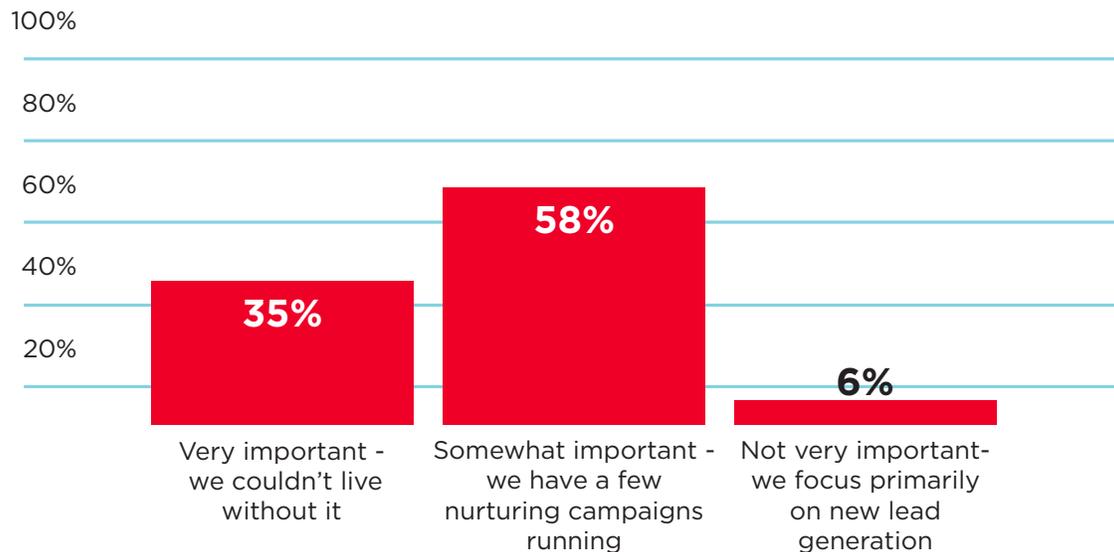
is crucial to a B2B company's bottom line: nearly 60 percent of marketers reporting they are delivering at least 20 percent of B2B company revenues, and almost 25 percent contributing more than 40 percent.



Question: What percentage of your company's overall revenue goal is marketing-sourced revenue?

Marketers must now not only build initial awareness of a brand, but also continue leading qualified prospects through the marketing funnel until they are finally ready to engage with the sales team. In order to do this effectively, marketers need to develop intelligent strategies for lead nurturing—a process in which they must continually engage and educate prospects with timely, highly targeted content across various mediums until these prospects are ready to buy.

Currently, **94 percent of marketers say they have some form of lead nurturing program in place** and 36 percent of marketers claim that less than a quarter of their budget goes toward prospecting new leads -- a strong indicator that lead nurturing has also secured a place for itself in the modern marketer's budget.



Question: How important is lead nurturing to your marketing efforts?

When it comes to being truly sophisticated with B2B nurturing strategies, the experiences of today's companies range quite a bit. Forty-six percent of mid-size companies (100-500 employees) feel they are on the leading edge when it comes to lead nurturing strategies. However, 57 percent of large enterprises (500+ employees) and 81 percent of SMBs (less than 100 employees) believe they have built a good foundation for their nurturing efforts, but still have a lot of optimization ahead of them.

In this white paper, we'll explore the variety of techniques that modern marketers are using to reach and engage their targeted prospects, using survey data to illustrate where marketers are paving the way and where they are falling short. We'll also discuss how marketing technologies that support lead nurturing across multiple channels can help the marketing department overcome its existing shortfalls to develop a streamlined and effective lead nurturing process that converts more leads into sales.

Hitting a Wall with Email Marketing

Most B2B marketers use email marketing as a key strategy for nurturing existing leads through the sales pipeline. They frequently use email to send targeted content and promotional offers to specific segments of contacts in their databases, with the goals of nurturing these existing leads, encouraging conversions, and ultimately generating sales. It is easy for marketers to track email open and click-through rates, providing measurable metrics. Because marketers can keep track of email ROI, they often lean on this marketing strategy heavily.

But while email marketing is an invaluable tool for communicating with known prospects, marketers should consider pushing beyond email as a standalone strategy. Email marketing is subject to numerous limitations, including:

Email marketing only reaches known prospects.

Because email marketing relies on having access to prospects' email addresses, it's only possible to reach a small fraction of your potential audience with this method. This marketing tactic provides no opportunity to engage with the much larger audience of anonymous prospects who may have visited your website.

Your email marketing database may not be accurate.

Just 5 percent of B2B buyers said that they are willing to provide detailed information in a gated content offer form.³ Your email marketing database likely has significant omissions and errors regarding your leads' contact information.

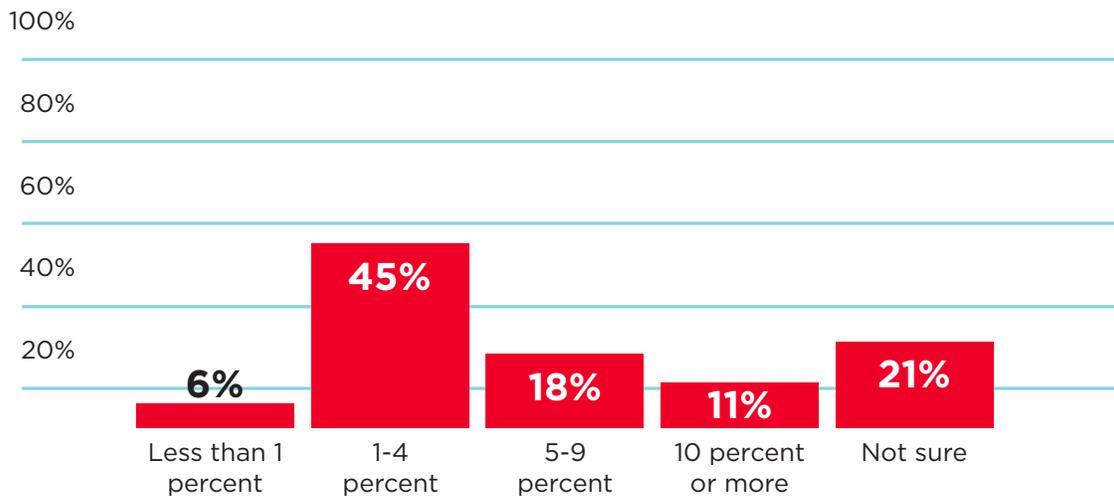
³ "2013 B2B Content Preferences Survey," *DemandGen Report*, 2013.

➤ **Only a fraction of your subscribers are reading your emails.**

Every message you send to your email list falls largely on deaf ears. Seventy-nine percent of marketers surveyed say their email open rates don't exceed 20 percent on average. That means your **email nurturing efforts are failing to reach 80 percent of your known prospects—along with all of your anonymous prospects.**

➤ **Only a small percentage of email subscribers ultimately convert.**

Bizo's survey also found that 45 percent of marketers believe only 1-4 percent of known contacts in their databases ultimately convert into marketing qualified leads.

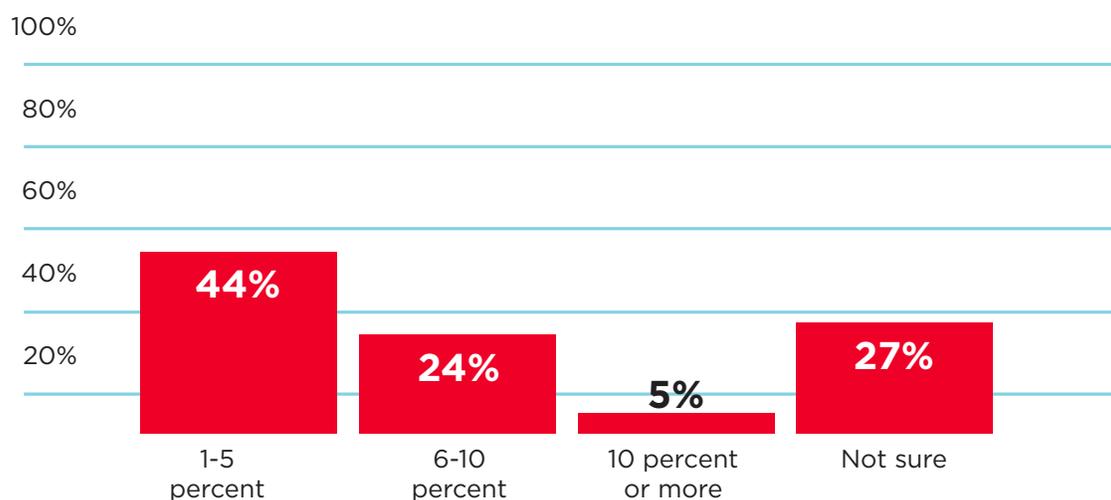


Question: On average, what percentage of known contacts in your database do you estimate ultimately convert into marketing qualified leads?

These low conversion rates illustrate that email marketing alone is an inefficient method for driving sales. By neglecting other marketing avenues, **marketers who focus on email marketing are failing to effectively optimize their companies' marketing budgets—and missing out on many more lucrative avenues for reaching target prospects.**

The Anonymous Website Visitor: An Untapped Opportunity

B2B companies typically receive hundreds—or even thousands—of visitors to their business websites each day. But, as survey results show, only a small fraction of prospects ever fill out a conversion form.



Question: On average, what percentage of anonymous visitors to your website do you estimate ultimately convert by supplying their email address?

These anonymous website visitors represent a huge pool of targeted prospects. However, in the absence of a way to contact them directly, it is impossible to engage with these prospects through traditional methods like email marketing.

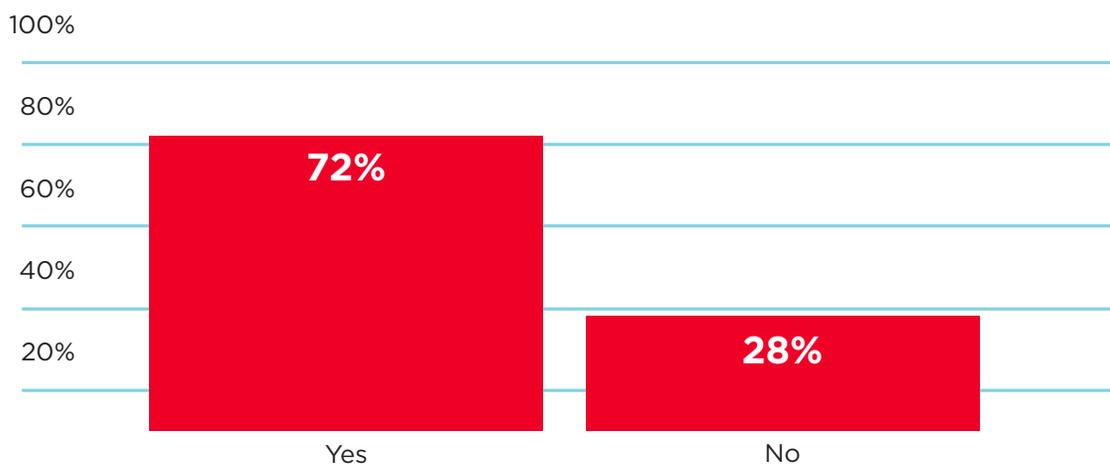
With the advent of sophisticated new technologies, that's beginning to change. Today, marketers can—and must—nurture leads through multiple

channels in order to increase their revenue contributions to the business organization. Developing a multi-channel lead nurturing strategy can incorporate traditional formats such as email marketing, as well as strategies involving display and social advertising, in order to tap into valuable anonymous prospects.

The Current State of Marketing Automation

Marketing automation software platforms can help B2B marketers streamline their lead nurturing process by delivering targeted content to prospects based on factors such as demographic profile, online behavior, and sales process stage.

Many marketers have already embraced the concept of marketing automation—such technology is currently being used by 72 percent of B2B marketers. Additionally, 82 percent of marketers plan to maintain or increase their spend on marketing automation technology and solutions throughout the second half of 2014.



Question: Are you currently using a marketing automation platform for lead nurturing?

This technology has already proven to be valuable to organizations' bottom lines: A recent Forrester report found that B2B marketers who incorporate marketing automation tools have increased their sales-pipeline contribution by 10 percent.⁴

The initial wave of marketing automation platforms focused primarily on email marketing, enabling companies to send targeted emails to prospects within their contact databases based on specific timetables, segmentation data, or previous responses.

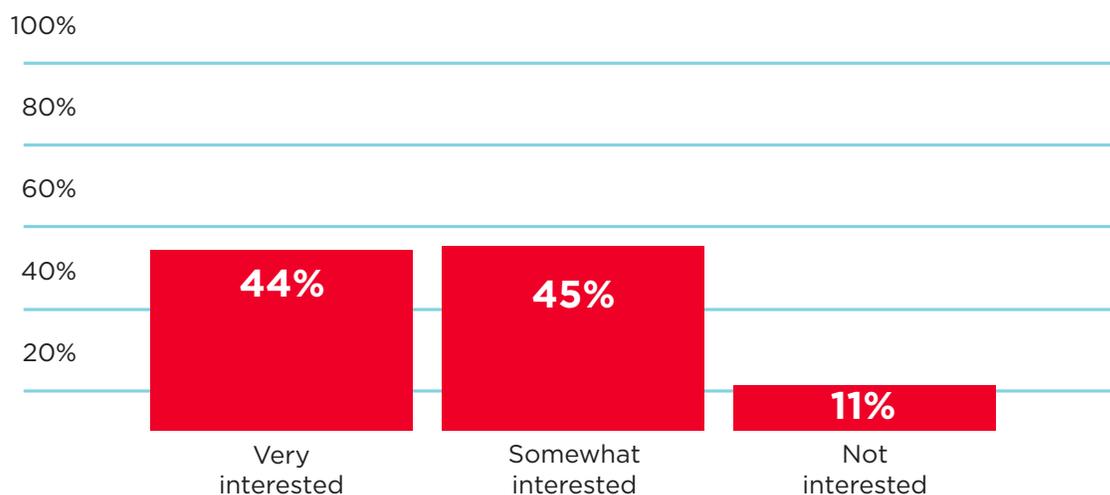
However, the technology is quickly evolving, opening up new possibilities to reach both known and unknown prospects through marketing automation across a variety of digital channels.

The Future of B2B Lead Nurturing: Adopting a New Way to Engage Prospects Across Multiple Marketing Channels

Successful B2B marketers believe in the value of delivering the right message to the right prospect at the right time. However, although organizations are incorporating some marketing automation tools into their marketing programs, many have not yet embraced the full potential of multi-channel lead nurturing. Only 30 percent of marketers believe that their programs, content, and messaging are well integrated across multiple marketing channels.

⁴ Forrester Research, "The Forrester Wave™: Lead-To-Revenue Management Platform Vendors, Q1 2014," hJanuary 2014.

According to our survey, 44 percent of marketers believe that, in addition to other channels, display advertising plays an important role in nurturing leads through the sales funnel. What's more, marketers are ready to move beyond their reliance on email marketing and make multi-channel nurturing a reality for their organizations: 89 percent of marketers would be interested in technologies that support the ability to nurture anonymous and known prospects without using email.



Question: How interested would you be in a technology that allowed you to nurture anonymous and known prospects without using email?

Today, there is tremendous opportunity for marketers to reach new prospects and nurture leads wherever they may be online by complementing the traditional email nurturing channel with effective nurturing through display and social advertising. Marketers no longer need to give up on prospects who don't fill out contact forms—sophisticated technologies that allow marketers to identify and nurture both anonymous and known prospects already exist, and are being used by leading organizations to expand their reach and nurture more leads through the sales pipeline. **By embracing a multi-channel lead nurturing strategy, marketers can now take advantage of opportunities for reaching and connecting with all target prospects wherever they are on the web.**

Methodology

In May 2014, Bizo surveyed 505 B2B marketing professionals about their lead nurturing processes and strategies. Companies of all sizes were represented in the survey: Nearly 23 percent of responses came from companies with less than 100 employees; 41 percent came from organizations with 100 and 500 employees; and over 36 percent of responses came from companies with more than 500 employees.

Of the respondents, 47 percent are in marketing director or manager functions; 24 percent are marketing associates; nearly 6 percent are CMOs or marketing VPs; and 2 percent are CEOs. Marketing agency functions were also represented, with 17 percent of respondents in agency roles.

Respondents from a variety of industries were represented: Consumer service-based companies comprised nearly 25 percent of all respondents, with software companies contributing to over 16 percent of the total, and business services and manufacturing companies each contributing more than 7 percent.



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