LeadMD

The 2016 Marketing Maturity Benchmark Report

Justin Gray, CEO & Founder at LeadMD

Overview

The 2016 Marketing Maturity Benchmark Report is an annual report conducted by LeadMD that uses data to deliver a baseline for marketing automation best practices. Each year, LeadMD benchmarks over 2,000 companies, all of which are either preparing for marketing automation or are at stages of maturity with their chosen platform.

Primary Industries of Participation

- ✓ SaaS Software
- ✓ Hardware MFG
- ✓ Channel Sales Orgs
- ✓ High Education & Learning
- ✓ Professional & Business Services

Dates of Benchmark **June 2015 – June 2016**

48K/ARR
Average Ticket Size
(cost of solution sold)

54MM
Average Company Size
(in revenues)

2061
Number of Companies
Benchmarked

65
Benchmark Points
Collected

82%
Presence of Marketing
Automation among
respondents

98%
Presence of CRM among
respondents

Who We Are

LeadMD exists to define and implement the best practices of modern day digital marketing. Since 2009, we've worked with over 3,000 of the world's leading enterprise, mid-market and hyper-growth organizations to create, implement and manage marketing strategies and tactics that create revenue engines. We believe that tactics play a pivotal role in reinforcing strategic growth strategies. We're experts at understanding the buyer at a fundamental level, then aligning go to market actions that integrate seamlessly with business critical goals.

We deploy cross-functional teams of generalists that evaluate strategic and technological frameworks, then rapidly iterate on those structures to form a fluid and scientific approach to decision-making.

The Results

For this report, we surveyed more than 2,000 companies over the course of the past calendar year. Each participating company had varying levels of marketing automation experience with different size teams and budgets. The results reveal the granular data behind top-performing departments, while also providing actionable insights that your organization can leverage to improve its results.

Rather than restrict practices by macro go-to-market structures such as B2B or B2C, we examine the successful practices of leading teams devoid of these constraints. Instead, we recognize the fluidity of strategies and tactics across industries, sales models and delivery modes, breaking them down into groupings any modern organization can leverage.

Key Findings

1

Measurement is all over the place. Teams struggle to create measurement models that represent funnel performance

While 50% of respondents say they've seen little to no increase in qualified leads, only 18% say that they are able to track leads through the funnel from opportunity to revenue. Additionally, 29% of respondents are not tracking marketing performance at all. The majority of benchmark respondents are using tools such as marketing automation and CRM however the lack of consistency of usage within those tools leads to a lack of understanding in how those systems are tracking marketing efforts. The most common barrier to data collection has been a lack of integration between marketing and sales with a majority of respondents loosing visibility post 'Marketing Qualified' hand-off.

2

There is a skills gap in systems and processes

This research reveals that on average, marketing departments employ three marketers across demand generation, product marketing and marketing ops. Of these teams, the average member has between two and four years of experience and primarily with skills that have been acquired on the "job".

The industry has grown so quickly that many marketers are severely lacking the experience that makes a marketer an actual doer of digital marketing, not just someone who has had exposure to systems and technology platforms. This report shows that 27% of people in their current role rate their maturity with marketing automation as new, 52% consider themselves average or below, leaving only 21% of marketers comfortable with marketing automation.

THE RESULTS

Key Findings

3

Regardless, budgets are growing

The average annual demand generation budget of the survey participants was $6-$10M. Regardless of the low performance reporting, 81% of companies expect to see their marketing budget increase in the coming year. The findings are clear proof that processes need to change in order to increase an ROI on marketing output. Of the respondents, only 20% of companies have and outside consultant or agency supporting their marketing processes and strategies.

People are more than happy to describe the tools they use in the marketing tech stack, but very few can describe the process behind making them successful. It's partially the vendor's fault. During the buyer's journey, the vendor's support and sales team talk all about integration best practices and expectations. However, they don't talk enough about the processes and best practices to actually make the technology a success for the company. What they should be communicating is that the technology is 20% of the equation, processes and skill the 80%. It's a flip of perception.

4

History will continue to repeat itself without proper training and education

Of all the data we collected, perhaps the scariest is that only 31% find improving depth and accuracy of their database a priority. 97% have a goal to increase lead volume (although they aren't measuring performance) in the next 90 days. How can a team achieve the proper growth without clean data and performance measurement?
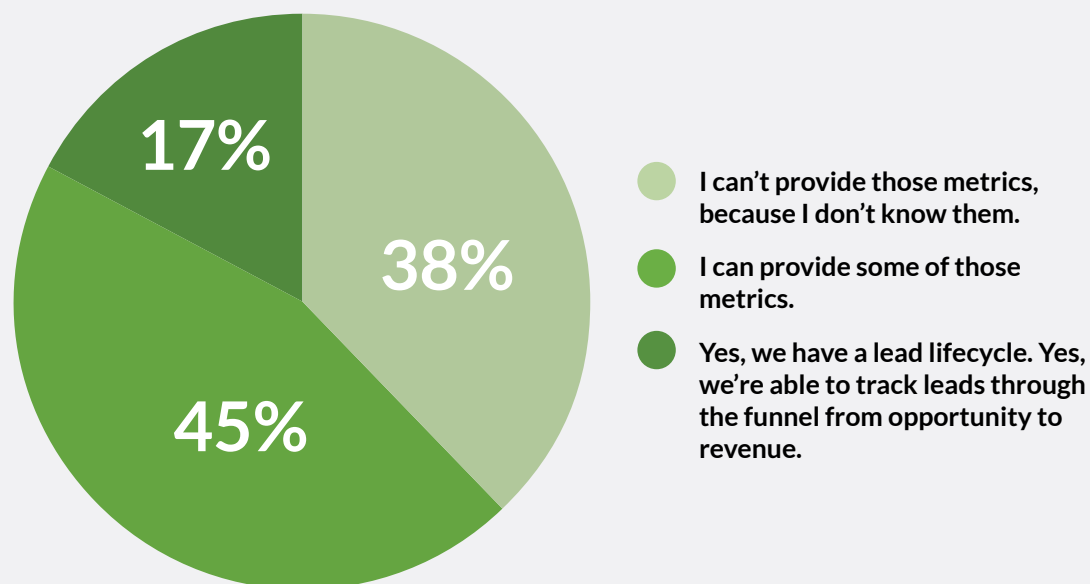
There is a growing divide between the technical teams and the implementers. It's completely different to be in charge of campaigns and initiatives than being responsible for revenue. Currently, marketers are essentially learning how to jump up and down with their hands flailing as a way to get attention. But the real success is in accelerating them to the sale. The line is getting blurrier because we haven't set them up for success. Until we do so, ROI on technology will continue to be low and marketers will continue to deliver a sub-par performance.

Measurement Standards

Pipeline performance: Do you have a lead lifecycle that allows you to track leads through your funnel (Inquiry, MQL, SAL, SQL, Closed Won)?

Of all the findings in this report, this is the most eye-opening. 38% of respondents essentially have zero methods for tracking leads at any point in the purchase funnel. 45% of respondents can provide some lead metrics, but not all. Typically, the gap occurs because of data loss at the sales stage. The fact that only 17% of respondents can track leads from beginning to end speaks to the lack of respect organizations place on attention to detail. The way that programs and channels are set up in marketing automation tools determines whether or not these reports become available.

- **17%**
- **38%**
- **45%**

- I can't provide those metrics, because I don't know them.
- I can provide some of those metrics.
- Yes, we have a lead lifecycle. Yes, we're able to track leads through the funnel from opportunity to revenue.

Pipeline Conversion Rates by Target ACV

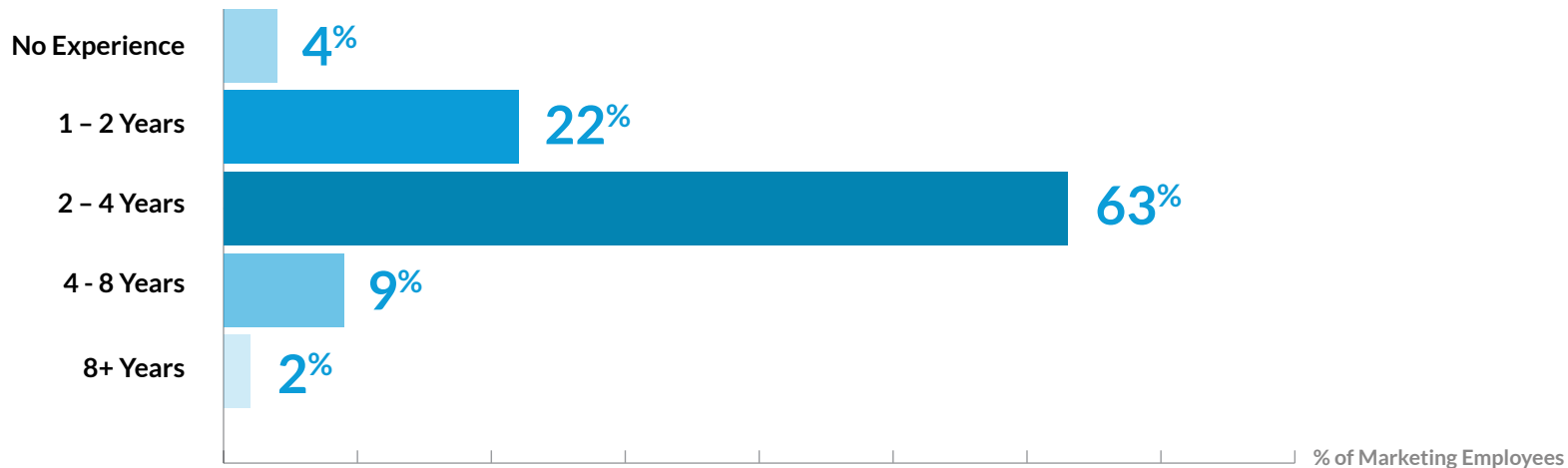| Monthly Leads Generated	<10k	11 – 50k	51 – 100k	>100k	Average
MAL to MQL	4	9	6	5	6
MQL to SAL	62	68	65	65	65
SAL to SQL	18	20	18	22	20
SQL to OPPTY	60	72	68	78	70
OPPTY to Close	25	38	22	28	28

RESULTS

Level of Expertise

Marketing Employee Count

On average, marketing departments employ three marketers across demand generation, product marketing and marketing ops.
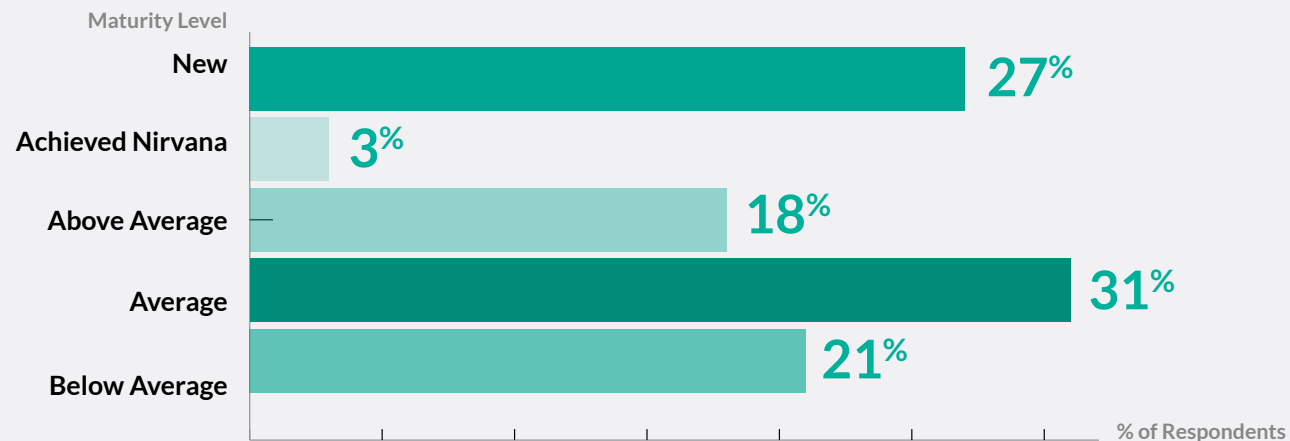
5% 45% 22% 28%

👤 1   👤 2 - 3   👤 4 - 6   👤 7+

Marketer's Experience Prior to Hiring

Experience Level

No Experience	4%
1 – 2 Years	22%
2 – 4 Years	63%
4 - 8 Years	9%
8+ Years	2%

% of Marketing Employees

Level of Expertise

How would you rate your own Maturity with Marketing Automation?

Maturity Level

Maturity Level	%
New	27%
Achieved Nirvana	3%
Above Average	18%
Average	31%
Below Average	21%

% of Respondents

While marketing automation first hit the scene in the early 90s, it wasn't until 2006 that we saw the leaders of today (Marketo, Salesforce, HubSpot, etc.) start growing an industry from $225 million industry to a $1.65 billion industry in just five years[1].

As a result, we are part of an industry that is lacking in skills and actual process development. The industry needs to adopt its own version of Kaizen, which is Japanese for "improvement." When used in the business sense and applied to the workplace, kaizen refers to activities that continuously improve all functions and involve all employees from the CEO to the assembly line workers.[2] Skill-based training and ongoing learning is severely lacking in marketing. In most other industries, there is education and an ecosystem around processes to ensure success. Marketing is missing the boat.

Experience is a grossly underrated factor in determining the success of a marketing automation program. The numbers suggest that a vast majority of marketers are fairly green in the industry in general, and even less experienced when it comes to grasping the nuances of marketing automation. Only 21% of respondents reported an individual maturity level of above average or higher with MA. Data architecture and governance simply has to be performed by someone with experience. Unfortunately, those in managerial positions are sending underqualified practitioners to perform initiatives with no idea how to measure the results they get – or even more importantly – set up processes that ensure things can be measured. The skills gap will only continue to widen as practitioners' advance into managerial roles, still with little standard of how to dig deeper into MA strategies to uncover what's working and what's not.

Level of Expertise

How would you rate your organization's maturity in Content Marketing?

11%
New

24%
Achieved Nirvana

18%
Above Average

**20%**
Average

27%
Below Average
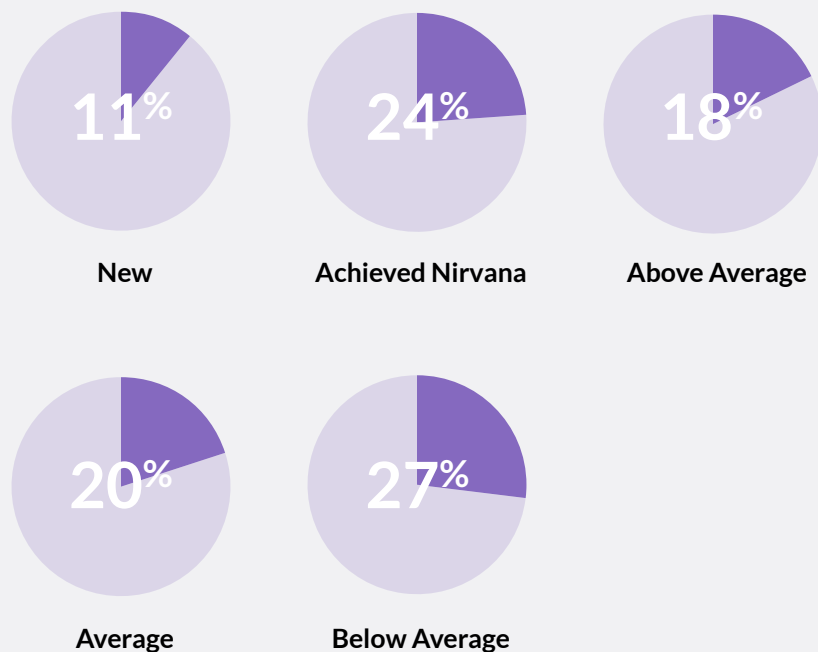
Respondents acknowledged greater organizational maturity in content marketing overall, with 24% of those surveyed believing their organization had reached nirvana. Still, 47% believe their organization has average or below average. These findings further illuminate the clear gap between organizations and individuals. If one-fourth of companies are highly mature, they're not passing down that knowledge to individuals in charge of handling data (only 3% of individuals reported reaching this similar nirvana state with automation).

Content

How many emails are you sending out monthly?

11% 0 - 100

8% 100 - 1000

81% 1000+
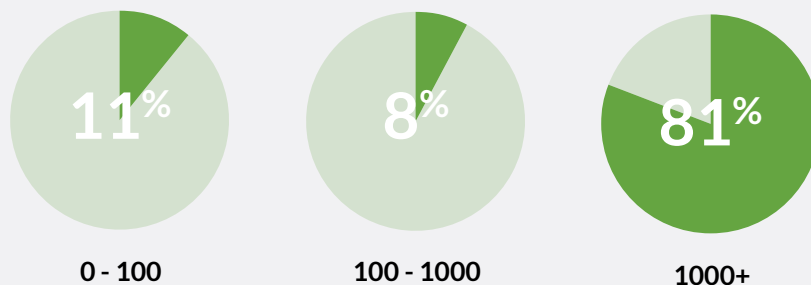
Quantity is not an issue when it comes to content delivery - 81% of respondents are sending out at least four figures worth of emails every month. And yet, all that content is not correlating to a massive increase in qualified leads. Half of the individuals in the study reported no increase at all in QLs, while only 19% saw a dramatic increase in qualified leads with marketing automation. Organizations across all industries now fully grasp the importance of content, but good content is few and far between. For emails and other forms of content delivery to move the needle, organizations have to create pieces that position themselves as category thought leaders and industry educators. Individuals also need to build personal brands that provide consistent value to subscribers.

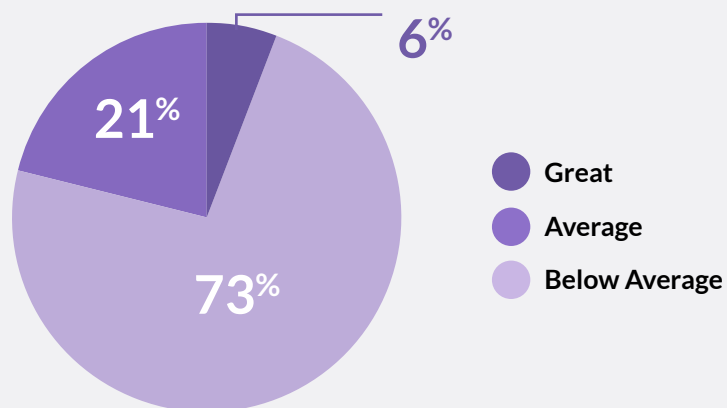## Rate your lead lift since you implemented Marketing Automation

19%

50%

31%

No Increase
We've seen no increase in qualified leads

Some Increase
We've seen some increase in qualified leads
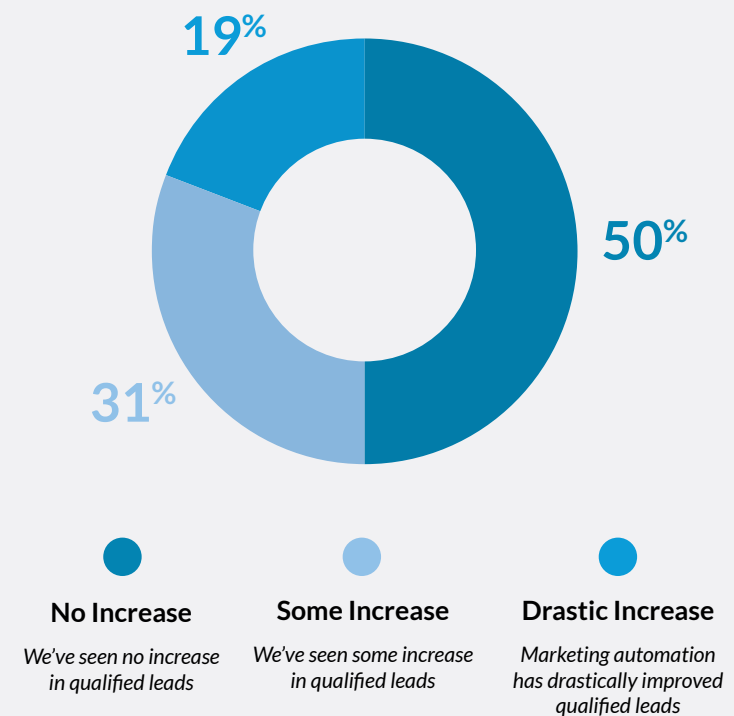
Drastic Increase
Marketing automation has drastically improved qualified leads

Lead Tracking

How is Marketing Performance Measured?

Measuring Method

Measuring Method	% of Respondents
Not Tracking	29%
Names Generated	10%
Qualified Leads Generated	21%
Sales Accepted Leads Generated	6%
Influenced Opportunity Pipeline	21%
Closed Revenue	13%
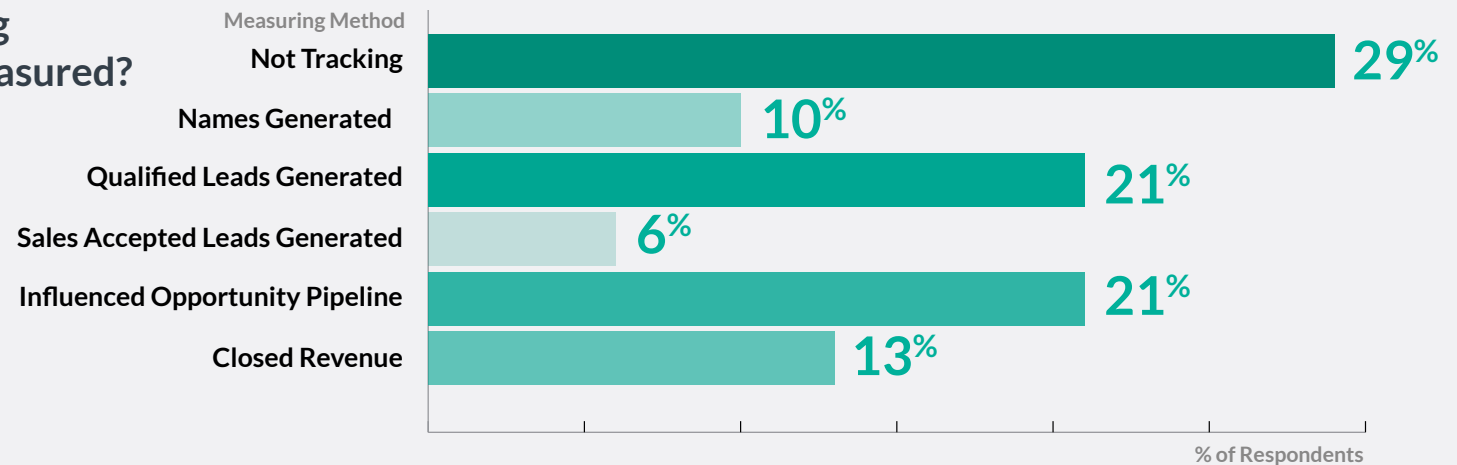
% of Respondents

How would sales rate the quality of leads produced?

- 6%
- 21%
- 73%

Great
Average
Below Average

When nearly 30% of individuals report that they don't even track marketing performance, the quality of leads is immaterial. It's not a surprise that only 6% of respondents believe their sales teams would classify their leads as great – there simply aren't measurable processes in place to differentiate the quality of leads at various points in the cycle.

RESULTS

Budget

What is your annual demand generation budget?

12% Less than 1MM

28% 1 - 5MM

32% 6 - 10MM

20% 11 - 25MM

8% 26MM+
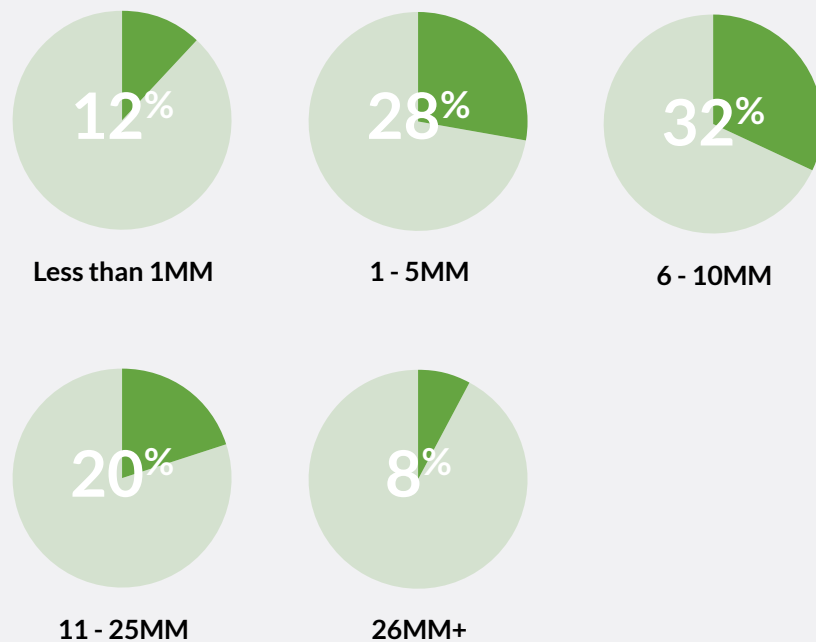
How do you expect your marketing budget to perform in the coming year?

9%

10%

81%

● Increase

● Decrease

● Remain Unchanged
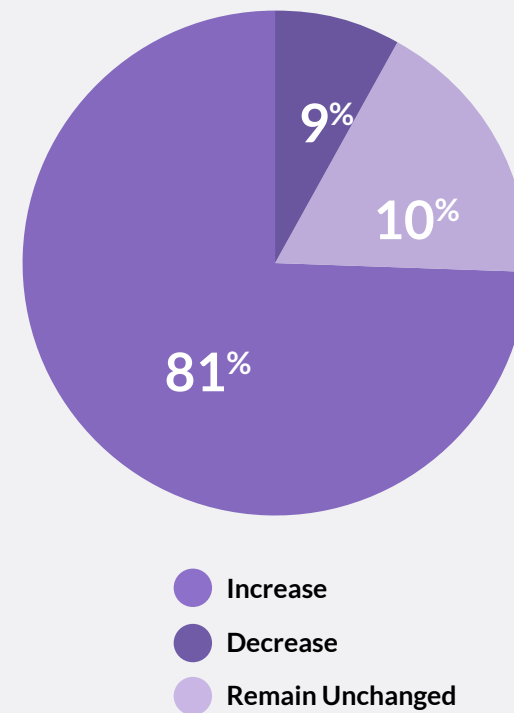
Budget

Who is involved in your marketing process improvement

18% Single Individual

62% Internal Team

7% Outside Consultant

13% Outside Agency
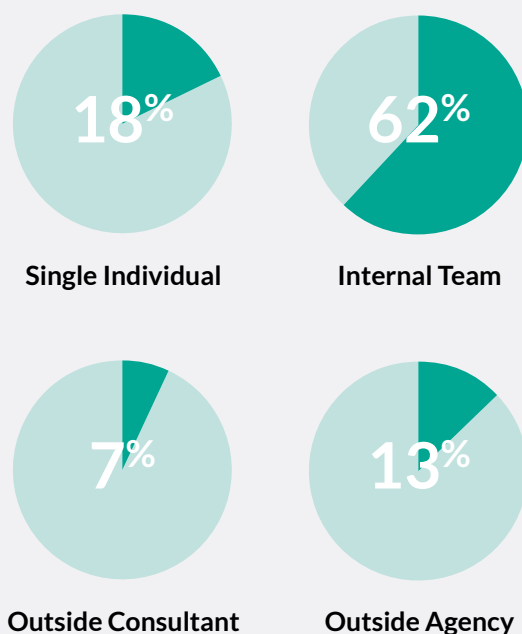
Individuals are roundly expecting organizational marketing budgets to increase in the coming year. Over half of organizations are already spending between six and 25 million dollars on demand generation, so the opportunity is there to use expanded budgets to help educate practitioners and help close the experience gap that causes so many lapses in the data and tracking processes. 80% of organizations in the study turn to a single proprietor or an internal team to handle improving the marketing process, but without the proper training and knowledge, that improvement has a ceiling.

RESULTS

Processes

Do you have a revenue cycle model?

(This is a Marketo feature required for full pipeline reporting)

12%

15%

73%

- ● Yes, we are using one
- ● Yes, we have one but it's not utilized
- ● No, we do not
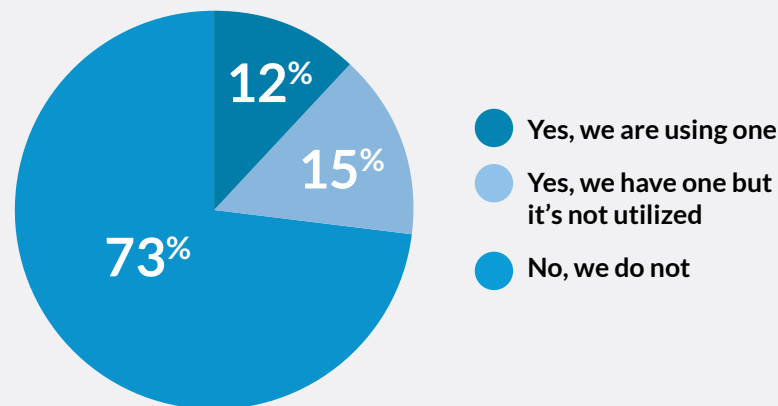
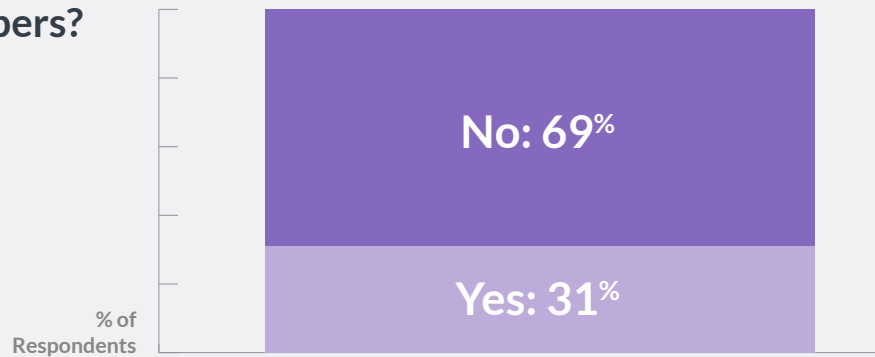### Does the organization have a solid business process that facilitates the buyer journey enforced by CRM and MA?
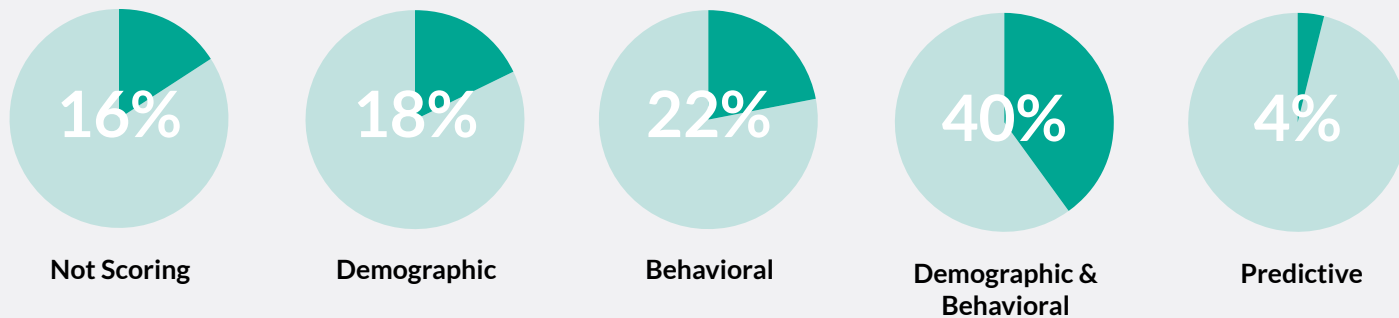
Process

Yes, we have a solid process — **18%**

Yes, we have one but it's under-utilized or flawed — **54%**

No, we do not — **28%**
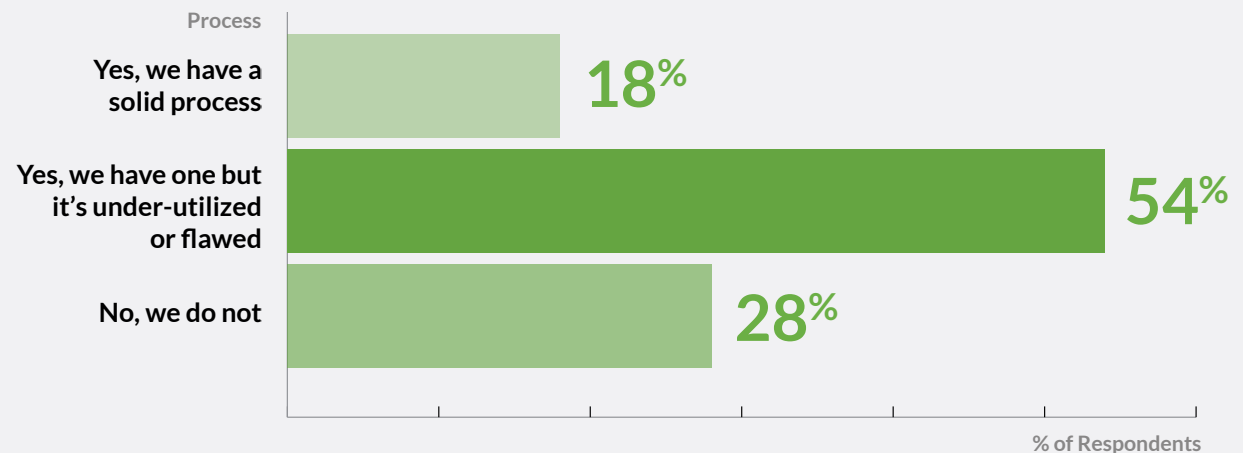
% of Respondents

Processes

Do programs have Cost and Members?

(Marketo tactic necessary for campaign attribution)

% of
Respondents

No: 69%

Yes: 31%

What type of Lead Qualification Methodology are you using?

16%

Not Scoring

18%

Demographic

22%

Behavioral

40%

Demographic &
Behavioral

4%

Predictive

Processes

Across the board, organizations are not implementing key strategies that aid in reporting throughout the buyer lifecycle. Only **12%** of respondents are using a revenue cycle model, which means that the **88%** who either don't have one or aren't using the one they have, aren't availing themselves to the full set of pipeline tracking data.

Similarly, **69%** of respondents say their programs don't have Cost & Members, a Marketo tactic necessary for campaign attribution. Overall, only **18%** report that their organization even has a solid process in place to facilitate the buyer's journey, which begs the question of where exactly the funds from these increasing marketing budgets are going. Tactical solutions are a huge part of MA and Account-Based Marketing, and yet awareness for these specific models is extremely low.

What's Working

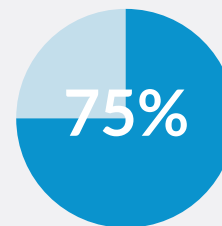**What are your top performing demand generation tactics? Respondents were asked to choose all that applied.**
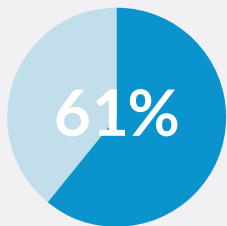
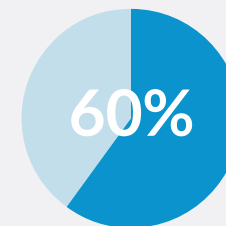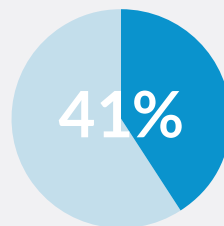| 61%	66%	58%	75%	60%
Organic Search / Content Creation	Webinars	Social Reach & Engagement	Events	Lead Nurturing
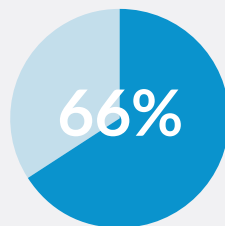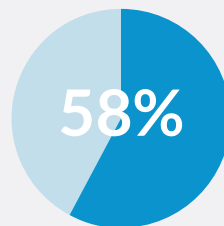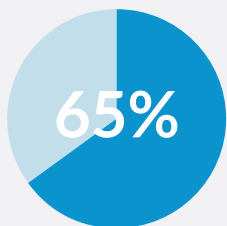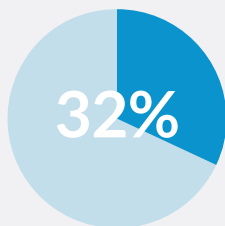
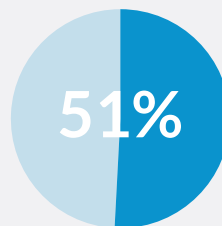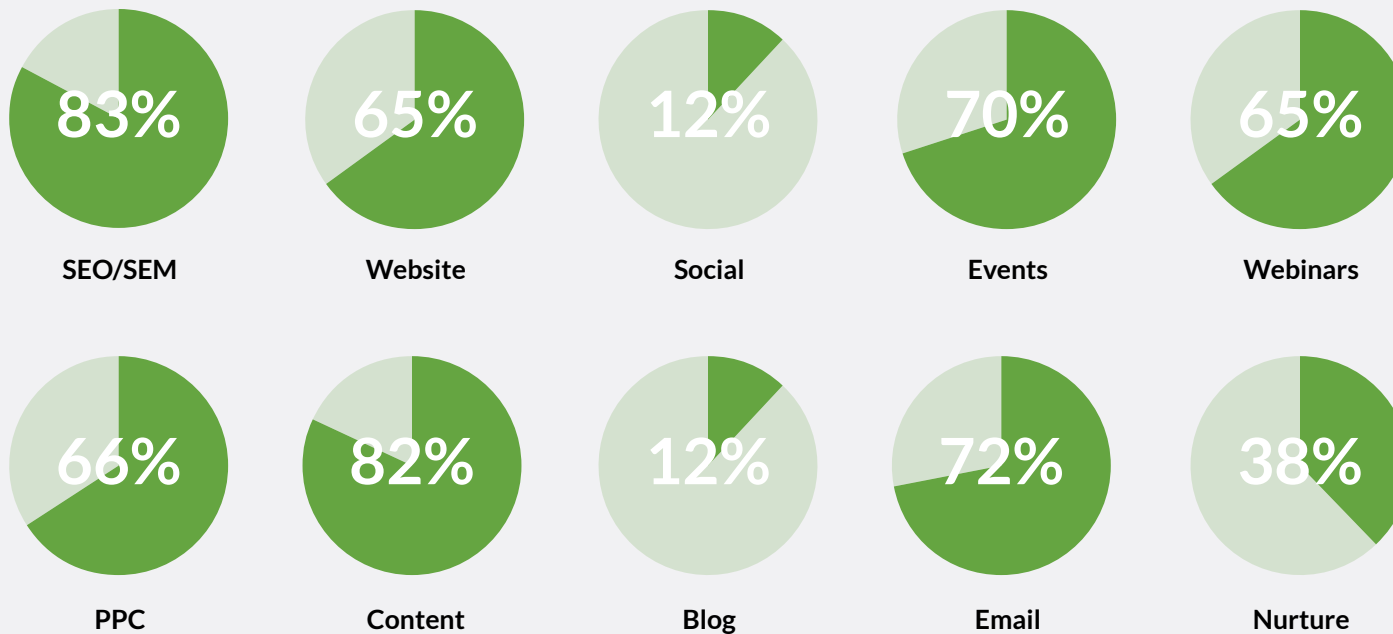| 65%	32%	41%	51%
Case studies	Content syndication	Outbound Phone Engagement	Online Advertising

What's Working

What are your top performing channels?

Respondents were asked to choose the top 3.

83% SEO/SEM

65% Website

12% Social

70% Events

65% Webinars

66% PPC

82% Content

12% Blog

72% Email

38% Nurture

What's Working

The good news is that many of the respondents have a decent understanding of a few things that are working in their programs. **Events, content** and **case studies** have proven to be the most value tactics to the companies taking the survey. **SEO/SEM**, **email** and **content** are reported as the highest performing channels. What's interesting about these particular set of results is the fact that most of these efforts can be simply measured by one off, mostly irrelevant data. Google Analytics can give you a nicely organized report showing where to traffic is originating. Any **CRM** worth its salt can give you vanity metrics like new prospects, open rates and customer referrals. So while some of this data can give insight, it tells you very little about the buyer journey. Marketers rank these tactics as high performing because these are the few that they have any metrics on at all.

Goals and Priorities

*So what do marketers really want?*

We know what they need, but we asked very specific questions about their wants. 96% want to focus on lead quality over quantity. This is not a surprising statistic as many of the tactics reported as performing well are measured with superficial and easy to measure "vanity" metrics over quality metrics such as impressions, clicks, form conversions and lead score threshold achievement. The majority of companies surveyed are experiencing great and even increased lead traffic, but low conversions, resulting in a need to understand why the equation of a wealth of leads equals a ton of sales isn't working for them. 97% want to increase qualified lead volume and 90% want to improve campaign results.

Finishing just below the desire to improve campaign results is the desire to improve sales and marketing alignment. The battle between sales and marketing has been fought for generations. With the rise of account-based marketing, it's more important than ever to get your teams on the same page. Neither side can afford to exist in a silo. An account-based marketing approach forces marketing and sales to integrate at a deeper level, by virtue of the highly-targeted approach it requires.
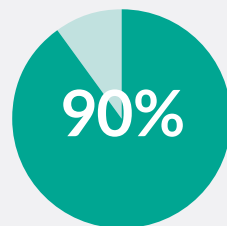
Goals and Priorities

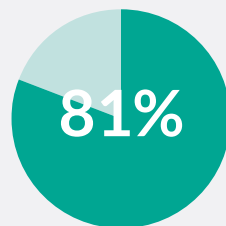## What marketing priorities will you focus on in the next 90 days?
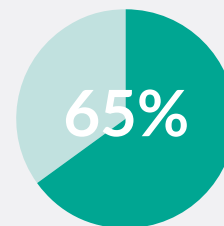
Respondents were asked to choose the top 3.

96%
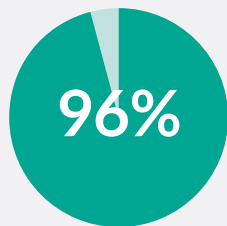
Focusing on lead quality over quantity

90%

Improving campaign results

81%

Improving sales and marketing alignment

65%

Expanding content library to drive campaigns

97%
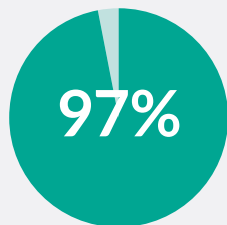
Generating increased lead volume

31%
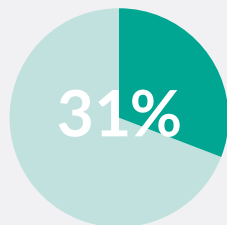
Improving depth and accuracy of the database

43%
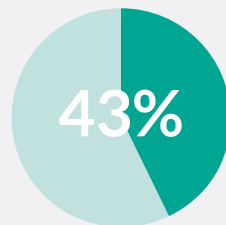
Improving ability to measure and analyze marketing's impact

Goals and Priorities

What are the top organizational goals over the next four quarters?

Respondents were asked to choose the top 3.

92%
Qualified Lead Pipeline

42%
Campaign Attribution Reporting

66%
Lead/Pipeline Velocity
(Nurture, Education, Price Insulation)

81%
Customer Retention

34%
Establishing Awareness
(thought leadership, SEO, PPC, PR)

36%
Sales / Marketing Alignment

12%
Integrating Tech Stack

8%
Training & Building a World Class Team
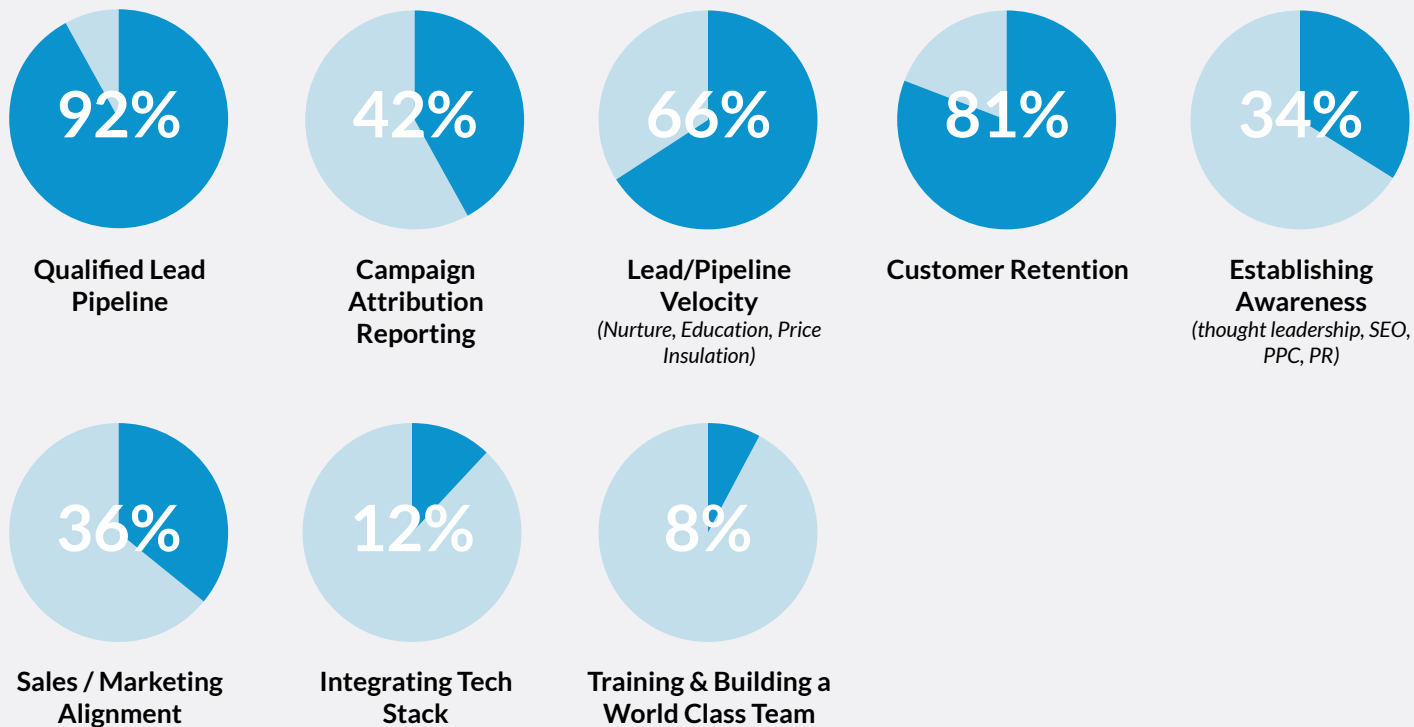
Goals and Priorities

The good news is that many of the respondents have a decent understanding of a few things that are working in their programs. Events, content and case studies have proven to be the most value tactics to the companies taking the survey. SEO/SEM, email and content are reported as the highest performing channels. What's interesting about these particular set of results is the fact that most of these efforts can be simply measured by one off, mostly irrelevant data. Google Analytics can give you a nicely organized report showing where to traffic is originating. Any CRM worth its salt can give you vanity metrics like new prospects, open rates and customer referrals. So while some of this data can give insight, it tells you very little about the buyer journey. Marketers rank these tactics as high performing because these are the few that they have any metrics on at all.

Conclusion

The primary gaps we have uncovered in benchmarking today's top organizations center on three primary needs:

1. Skills & Training
2. Strategic Process Development
3. Consistency & Shared Definitions

Today's technology providers are establishing a pace the isn't allowing people and skills to catch up. The industry moves fast, which means that there is always a new technology, trend or buzzword promising better results than what you are currently achieving. Marketers are often being sidetracked by continuing to chasing the shiniest new objects. The primary nuance to modern digital marketing is that the principals that drive success really have not changed in over five decades, however the modes and channels that provide shortcuts to buyer attention have changed radically. Cycles in relation to these new trends and tools however are getting shorter and shorter and therefore an investment in "hacks" is often wasted and runs the risk of becoming misdirected by the time it precipitates down to the masses. First movers are capitalizing on this pace of innovation and creating froth where results are lost to anyone not part of that initial wave.

The goal of marketing should be to enable processes with technology, not to replace process with technology. The common notion today is to attack traditional marketing modes as "dead." Although content marketing dates back to the 1700's3, we still didn't have an agreed upon name for it as recently as six years ago.

Suddenly, many are predicting the end of content marketing as a means of directing attention to the next big thing. As the common saying goes – if you want to sell something, find a salesperson, they'll buy anything. Similarly, most technology providers seem to be content to capitalize on a marketer's desire to be marketed to. The results of which have been extraordinary successful from a procurement standpoint but abysmal from a results outlook. Fundamentally the data contained in this maturity benchmark shows that we need to put the focus back on results and also respect the time necessary to produce those results. At the end of the day, marketing is much less sexy than technology providers would have us believe. Successful buyer engagement involves doing what is hard, it's devoid of glitz and glamour and it requires a long view commitment.

Buyers want to see value in the products they purchase and they need to trust the company who provides them with those solutions. The channels available to facilitate that conversation are the primary changes we have seen over the last two decades. When evaluating returns on the strategies and tools we implement to capitalize on those new channels, we have to be able to measure what works, improve upon it and automate the repeatable elements to create efficiency. It's literally as simple as that. Commitment to that success requires more investment than simply swiping a credit card to procure the latest tool – it looks like a calculated strategy involving people, process, technology and time.

In Revenue,

Justin Gray
CEO & Founder, LeadMD

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