

STATE *of* INBOUND

— • 2014 • —

THE DATA YOU NEED TO BUDGET, PLAN, EXECUTE
AND MEASURE INBOUND MARKETING AND SELLING.

... TABLE OF CONTENTS ...

CH. 1 *Introduction*

CH. 2 *Budgeting for Inbound*

CH. 3 *Planning for Inbound*

CH. 4 *Executing for Inbound*

CH. 5 *Measuring for Inbound*

CH. 6 *Survey Methodology*



CHAPTER ONE

Introduction

INTRODUCTION

About “State of Inbound”

For the past five years, HubSpot has published the findings from its annual survey, which probes marketers on their challenges, priorities, tactics and results, in a popular report branded “The State of Inbound Marketing.” The series tracks the practice of inbound marketing – the art and science of drawing visitors to your company on their own terms versus obtrusively pushing your messages onto them – from its humble “two guys in a garage” (or, in this case, two guys in business school) beginning up through last year’s 164-page leviathan.

For this year’s report, we followed many of the same processes as in the past. We surveyed thousands of marketers (see “Audience Composition” graphic) and asked a blend of repeat questions (for trending data) and new ones (to keep pace with emerging marketing trends). We produced nearly a hundred graphs, which we winnowed down to 40 or so compelling “data narratives” that we believe will help readers improve top-line performance.

Yet as similar as our objectives and methodology were, there are two significant differences in this year’s report – beginning with the title itself. We’ve dropped “marketing” from the title to reflect a sea change. “Inbound” is no longer limited to marketing. Businesses now turn to inbound methodologies to power sales (25%) and even customer service (10%). Certainly the marketing use-case remains foremost, but make no mistake: Inbound has become an interdepartmental phenomenon. The report also straddles calendar years, 2014 to 2015. It is comprised of data from

a mid-year survey that posed questions about full-year programs. As such, the findings and guidance remain current well into 2015.

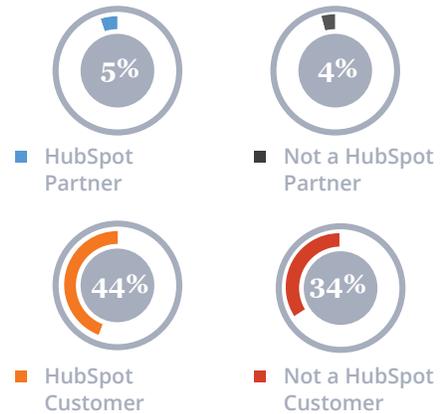
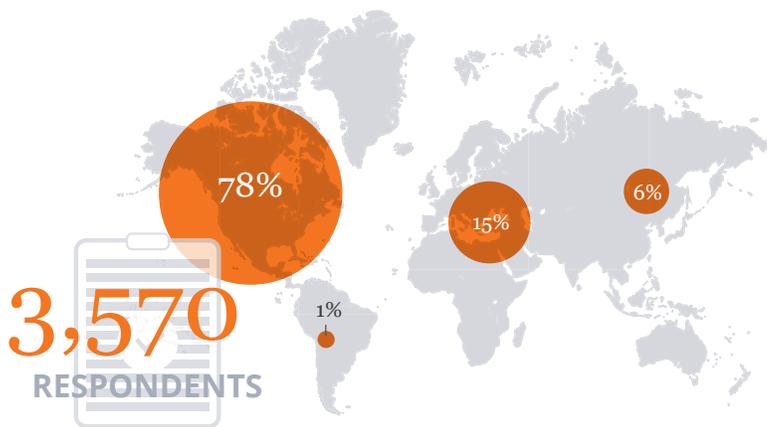
As much as we hope you enjoy reading this report, it’s even more important that you use it. It’s meant to be a functional document. Print it and mark it up. Share it with your boss, your head of sales, the rep who always beats her numbers (or, better still, the rep who is struggling to hit quota), maybe even your customer support team. Please remember that the data is based on self-reported survey responses. Consider the findings to be directional.

We’ve organized the data into four self-contained sections: budgeting, planning, execution and measurement. There’s no need to read the report linearly. Dive into whichever section corresponds to your greatest needs, and save the rest for later. You want to understand how to maximize your budget? Read the Budgeting chapter. Looking to report to your leadership the same metrics top performers report to theirs? The Execution chapter has you covered.

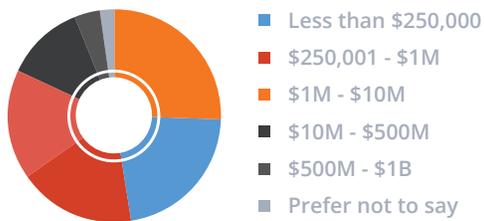
Audience Composition

If there exists a modern marketing report that’s based on survey data from a larger, more diverse audience, then we’d like to know about it. We believe State of Inbound is the definitive report on inbound business in large part because of the audience composition, which we’ve visualized in the graphic below.

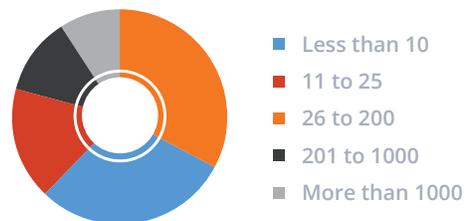
State of Inbound – Audience Composition



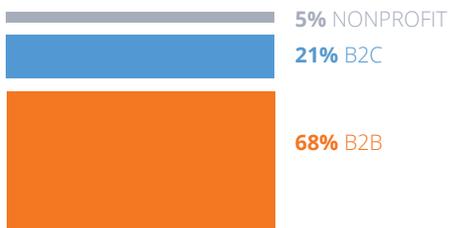
COMPANY SIZE BY ANNUAL REVENUE



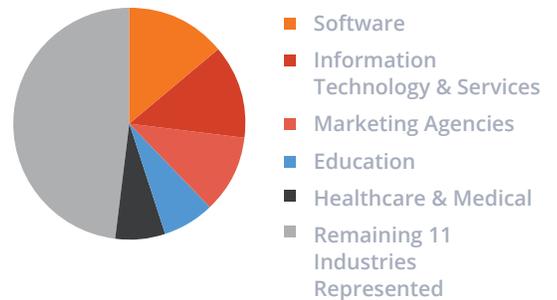
COMPANY SIZE BY NUMBER OF EMPLOYEES



TYPES OF ORGANIZATIONS



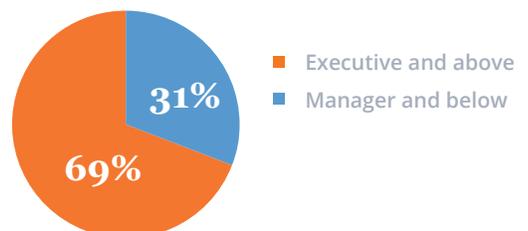
VERTICAL MARKETS



RESPONDENTS BY CAREER



RESPONDENT JOB LEVEL

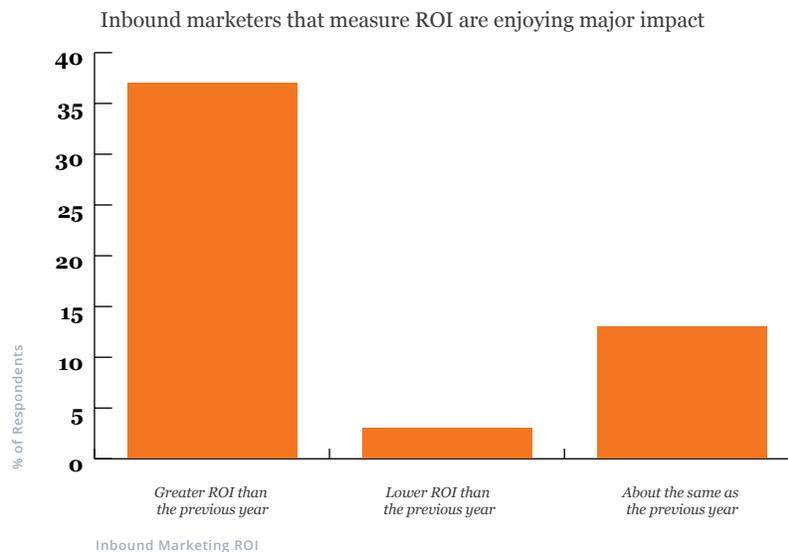


The Six Most Important Takeaways

If you are pressed for time, here's the TL;DR-style executive summary: We noticed six clear and consistent trends when analyzing the data. They are:

- 1.) Inbound unlocks ROI; ROI unlocks budget.** If you are running an inbound marketing program and not tracking ROI, you are doing your company – and your career – a disservice because inbound marketers who measure ROI are more than 12 times more likely to be generating a greater as opposed to lower year-over-year return.

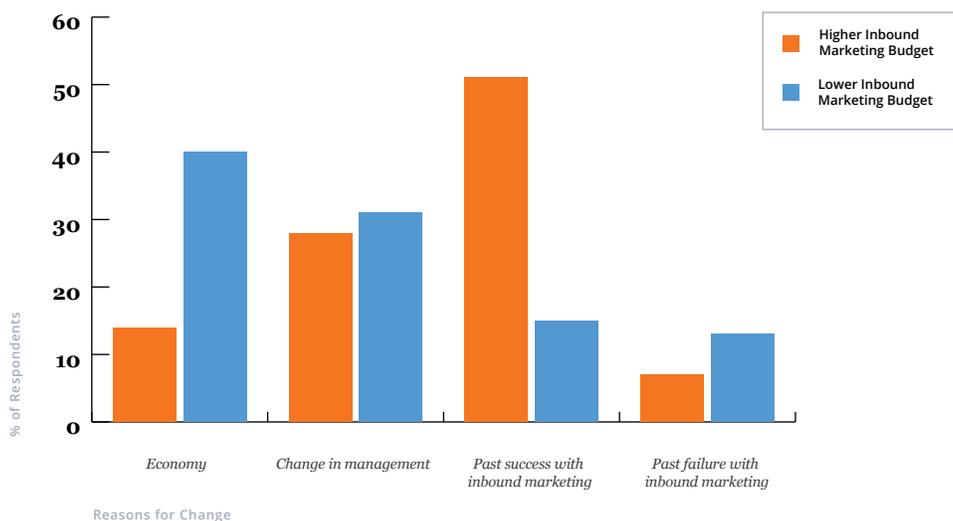
INBOUND ROI IMPACT YEAR OVER YEAR



Proving that you are increasing return is important for several reasons, most notably the positive impact it has on budget. No single factor had a greater impact on budget – positive or negative – than did “past success with inbound.” Improving ROI may even safeguard your budget against factors beyond your control, like the economy itself.

FACTORS INFLUENCING INBOUND BUDGET CHANGE

Proving success is key to securing more budget



2.) “Getting found” is priority #1 (and #2 and #3) for high performers.

We zoomed in on the segment of inbound marketers who are generating positive ROI (“high performers”) to see if they prioritized different types of projects than low performers. As you will see in the “Measurement” chapter, high performers are emphasizing programs designed to get their content, and by extension their company, found. In order, blogging, organic search, and content amplification top the list. Blogging appears to have the most substantial impact on performance.



THE IMPACT OF BLOGGING ON INBOUND ROI

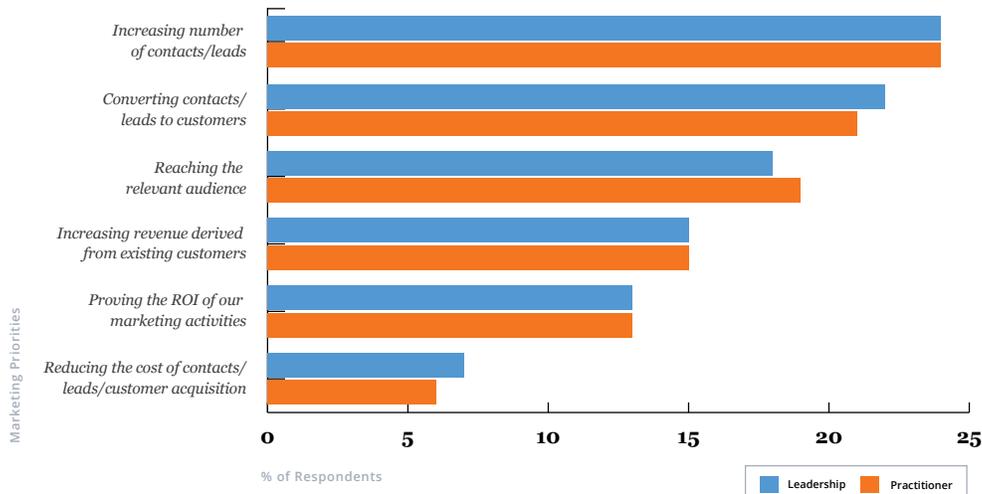
Marketers who have prioritized blogging are 13x more likely to enjoy positive ROI

Given that marketers who blog are 13x more likely to drive positive ROI, it shouldn't be a surprise that the tactic tops high performers' lists of most important inbound projects.

3.) Data facilitates alignment. If inbound marketing were a sports team, data would be the coach. The chart below depicts remarkably tight alignment between marketing practitioners and their leaders (director and above title). Data is objective. It's immune to the feelings and instincts that drove the previous era of "arts and crafts" marketing.

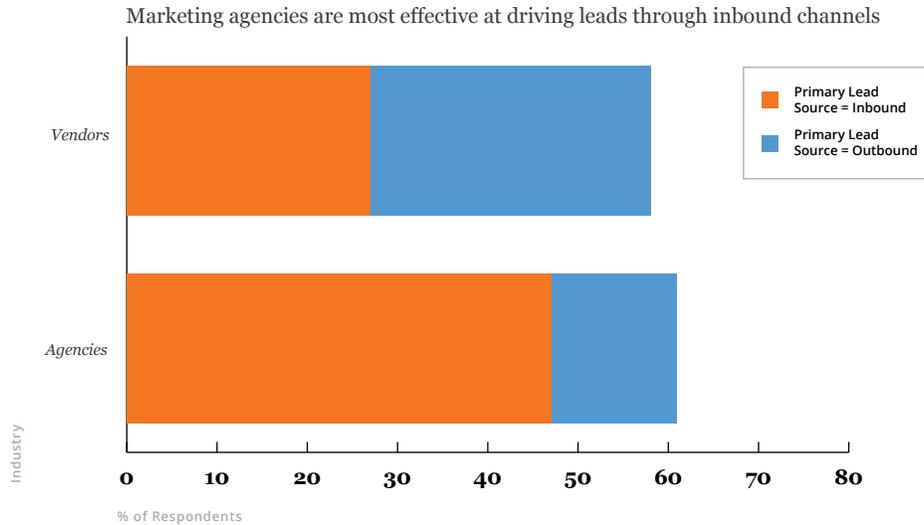
TOP MARKETING PRIORITIES BY ROLE

Strong alignment exists between marketing practitioners and leaders



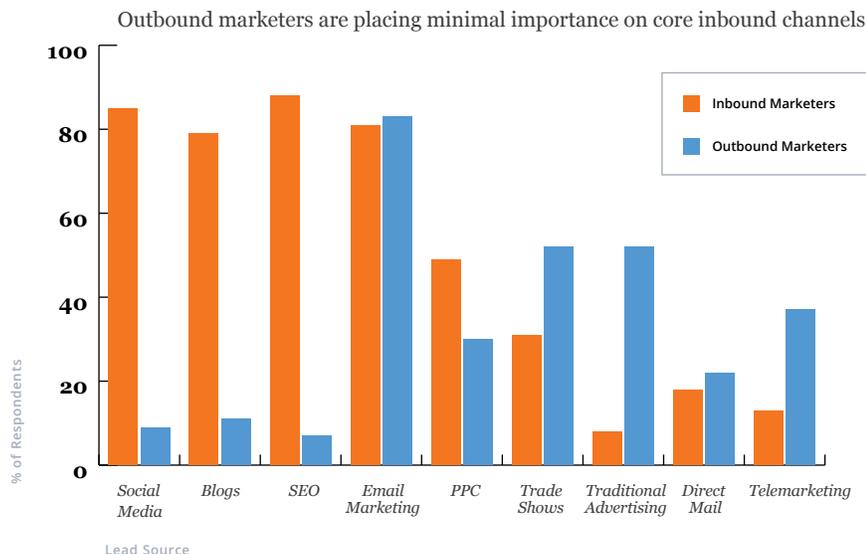
4.) Agencies are leading the pack. Inbound marketing performance is up across the board. More companies are running inbound than ever before. More are measuring ROI and more are enjoying improved ROI. Inbound is expanding into other lines of business, and those departments are experiencing positive results. It's even driving revenue globally. But the group that's setting the standard is marketing agencies, who are outpacing vendors by sourcing nearly half (47%) of all leads through inbound channels.

AGENCIES VS. VENDORS



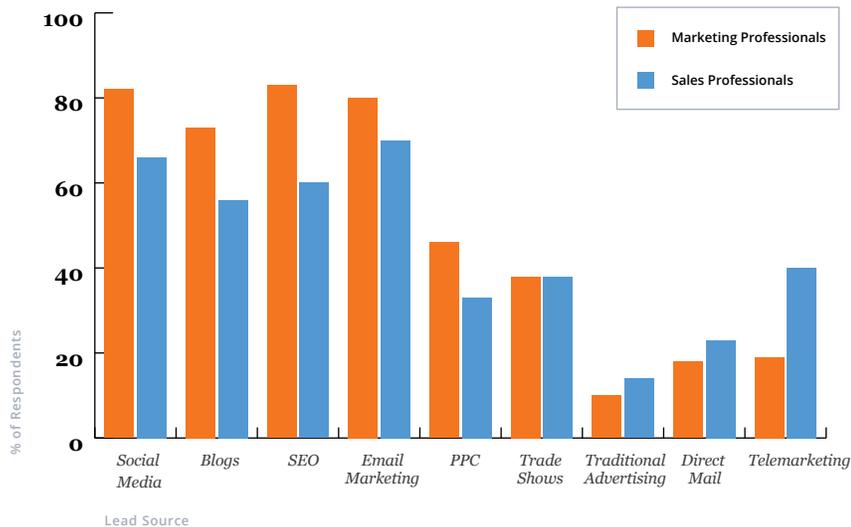
5.) The era of “inbound selling” has arrived. Inbound is no longer limited to “just” marketing. More than 25% of respondents reported that their organizations’ sales teams practice inbound, and it’s not just lip service. Contrast the two charts below, and you’ll see that sales professionals are far more “inbound” than are marketers who favor outbound practices.

WHICH LEAD SOURCES HAVE BECOME MORE IMPORTANT (OVER LAST 6 MONTHS)



WHICH LEAD SOURCES HAVE BECOME MORE IMPORTANT (OVER LAST 6 MONTHS)

Sales gravitates toward outbound channels whereas marketers lean inbound

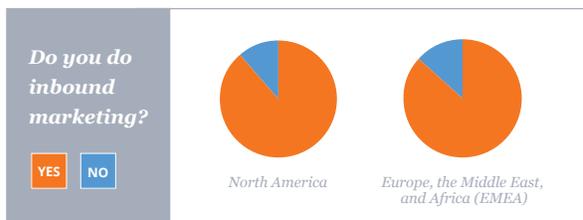


6.) The belief that European marketers trail their North American counterparts is unfounded. Many marketers believe that the U.S. leads the world in terms of marketing innovation. Prior to analyzing the data, even the author of this report may have made a statement or two to that effect. As it turns out, this statement doesn't hold water. Data from respondents in North America and Europe, Middle East, and Africa (EMEA) showed minimal variance.

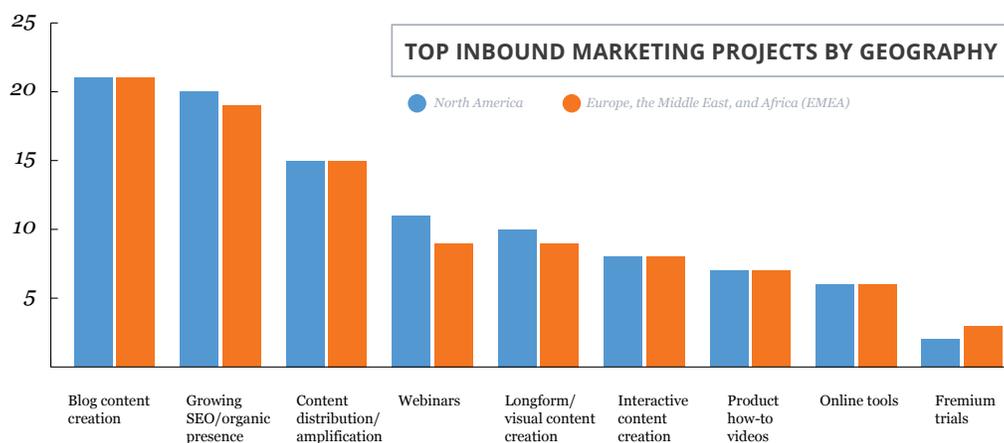
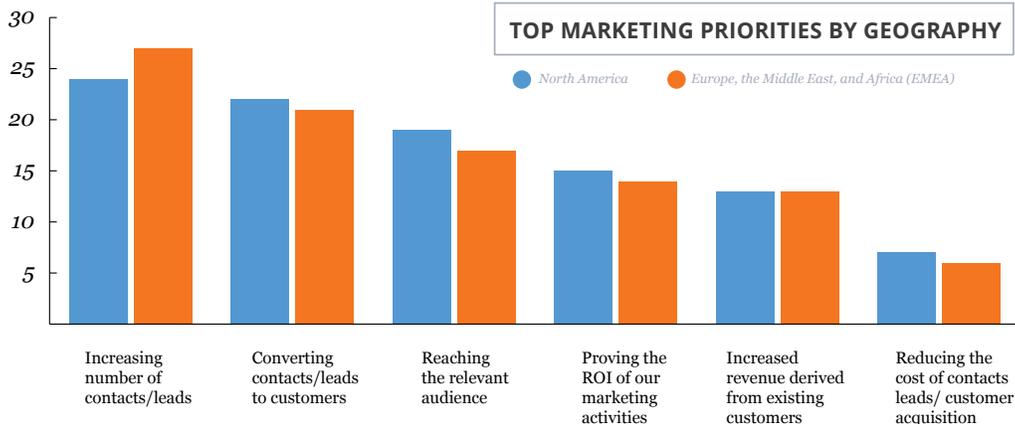
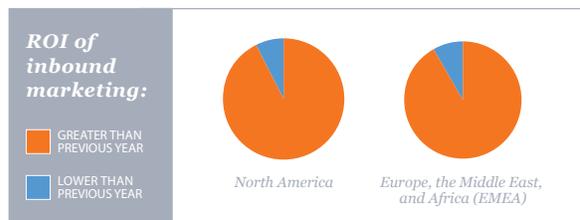
INBOUND MARKETING TRENDS BY GEOGRAPHY

The claim that Europe trails North America is a myth

COMPANIES THAT PRACTICE INBOUND MARKETING BY GEOGRAPHY



INBOUND ROI BY GEOGRAPHY

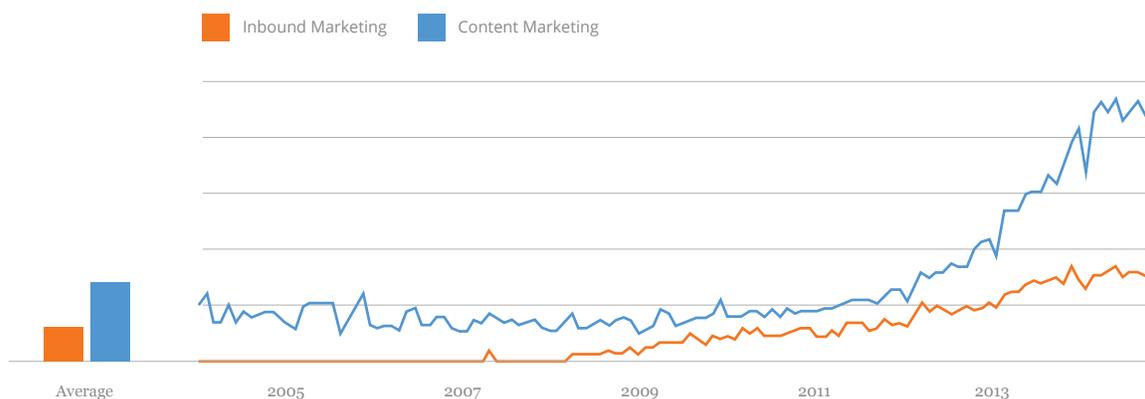


What Do We Mean By “Inbound” Anyway?

When HubSpot coined the term “inbound marketing” back in 2006, the company had loosely defined it as meaning: “a methodology that focuses on creating quality content that pulls people toward your company and product.” In other words, inbound is the superset of quality content and other “magnetic” tactics.

Since that time, a similar methodology called “content marketing” has taken root. Perhaps because content marketing wasn’t championed by a single organization, it tends to have a less “ratified” definition. Nevertheless, it’s become a popular term of art. In fact, Google Trends data shows search volume is considerably higher for “content marketing” (blue line) than for “inbound marketing” (orange line).

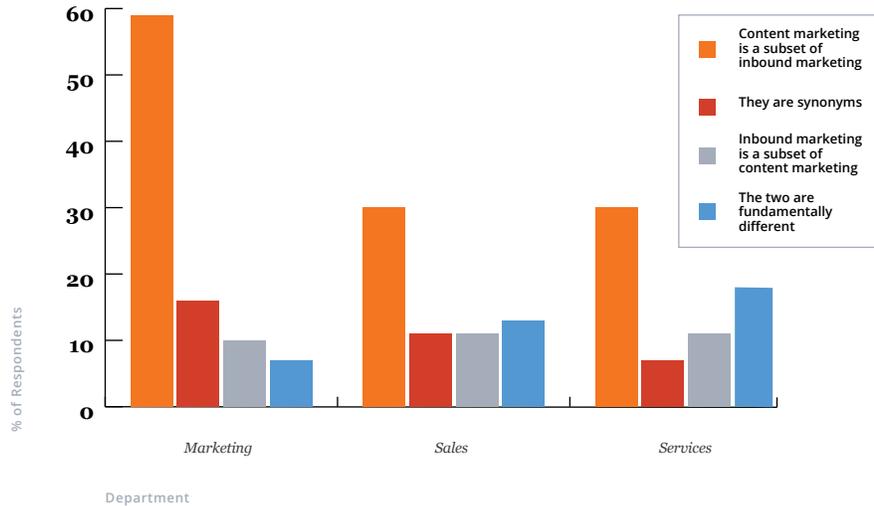
GOOGLE SEARCH TRENDS: INBOUND MARKETING VS. CONTENT MARKETING



So are we even using the proper terminology when we refer to inbound marketing? Do the thousands who completed the survey and the tens of thousands who will read this report perceive inbound marketing in the same way that HubSpot does? It turns out, yes.

RELATIONSHIP BETWEEN CONTENT MARKETING AND INBOUND MARKETING BY DEPARTMENT

Front-office professionals, particularly marketers, see content marketing as a subset of inbound marketing



Marketers concluded that content marketing is a subset of inbound at nearly twice the rate (59% to 33%) as all other options combined. While the data showed less variance for sales and services professionals, “content marketing is a subset of inbound” was still clearly the most popular answer even for groups newer to inbound.

WANT TO USE A STATE OF INBOUND CHART IN YOUR NEXT PRESENTATION?

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CHAPTER TWO

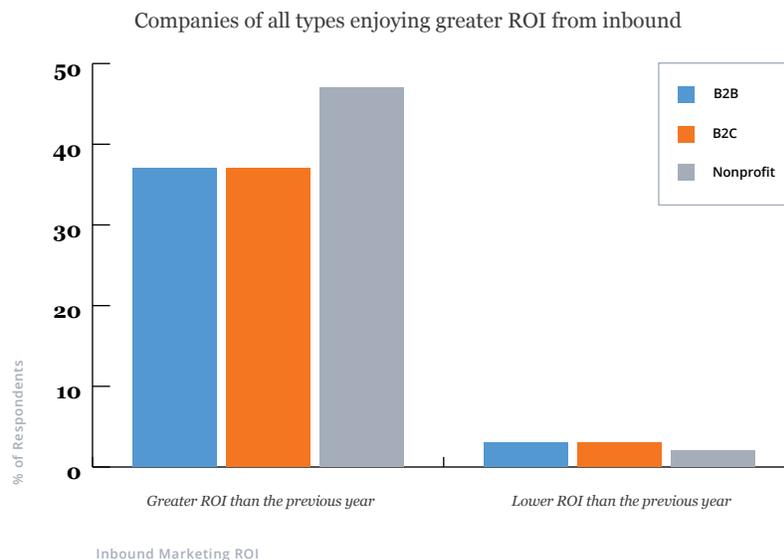
Budgeting for Inbound

BUDGETING FOR INBOUND

This fact may cause your CFO to groan, **but spending money is one of marketing's most important jobs.** Whether it's licensing technology, sourcing and distributing content, procuring development resources, or commissioning specialty skills like SEO and video production, spending wisely is a prerequisite for marketing success. But for many marketers, securing funds can feel like a Catch-22: If budget contributes to results, then how do you get budget before you are able to demonstrate success?

We asked several budget-related questions in hopes of collecting data that would help marketers better understand how to secure the resources they need. Fortunately, it appears most of the means are within marketers' span of influence and, in some cases, are even within their immediate control. Here are some of the patterns that emerged:

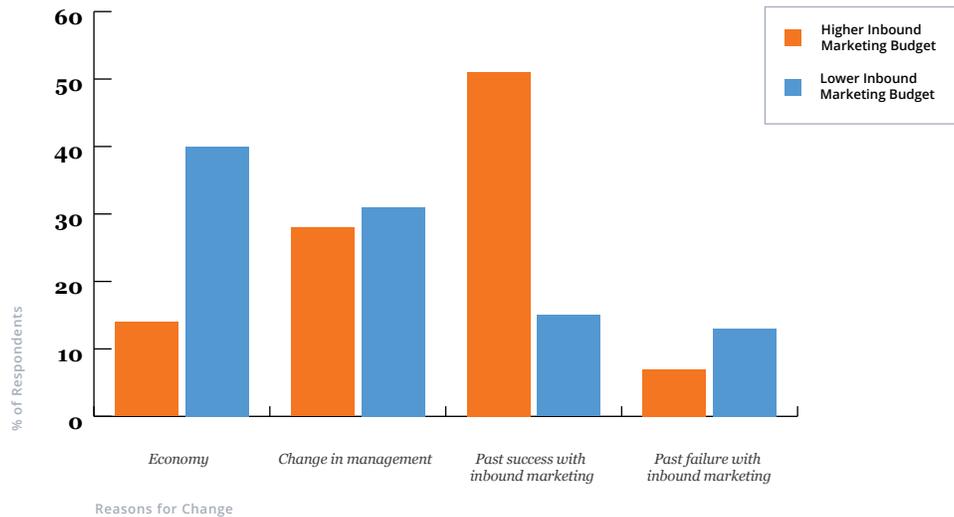
INBOUND MARKETING ROI BY COMPANY TYPE



Inbound marketing budgets are up for all types of companies (chart above). In fact, **more than 5 times as many marketers reported higher budgets** than claimed budgets had been cut this year. The majority of B2B companies surveyed are enjoying a lift in budget, with 74% reporting the same or increased budget in this year (the 27% “unchanged” segment is not reflected in the above chart). If your budget is down from last year, then odds are the cause is as simple as a lack of demonstrated success.

FACTORS INFLUENCING INBOUND BUDGET CHANGE

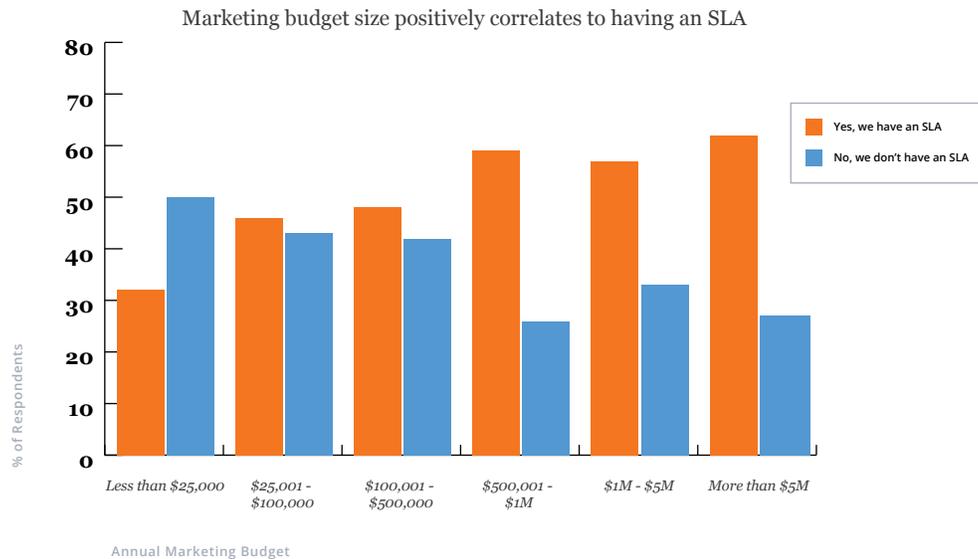
Proving success is key to securing more budget



The chart above reveals that **no single factor has a greater impact on budget than previous success with inbound marketing.** Remarkably, the financial upside of prior inbound success exceeds even the downside of adverse economic conditions. Simply put, success – best expressed in terms of return on investment (**ROI**) – unlocks budget and insulates marketers against economic vagaries. Proving marketing effectiveness can also be valuable during leadership changes. Executive turnover often has an adverse impact on budget. Quantifying inbound success can steel marketers against the whims of new management.

But what about marketers who are new to inbound? How can they secure ample budgets before they've collected enough data to prove success? The chart below shows an encouraging trend. **Inbound budgets positively correlate to the presence of a Service Level Agreement (SLA) between marketing and sales.**

ANNUAL MARKETING BUDGET BY SLA



Ratifying an SLA with sales demonstrates credibility. For example, if marketing commits to delivering a certain number of leads that meet a measurable quality score, and sales is accountable for following up on those leads in a documented amount of time, then the two groups are signaling to leadership that they are focused on driving business results, not just intradepartmental metrics. Establishing an SLA also doubles as a forcing function – it requires marketers to measure consistently, which, as we will see in subsequent chapters, is a prerequisite to becoming a high performer.

It appears the “magic number” for an SLA is \$500,000. That is, **if your marketing budget exceeds a half-million dollars, then you are expected to have an SLA with sales.** Surprisingly, 29% of marketers with a budget greater than \$500,000 don’t have a sales SLA. If the patterns detected in this report continue, metrics-centric high performers will likely replace those marketers.

The chart below suggests that the presence of an SLA has a positive impact on even the inbound portion of the total marketing budget.

INBOUND MARKETING BUDGET BY SLA

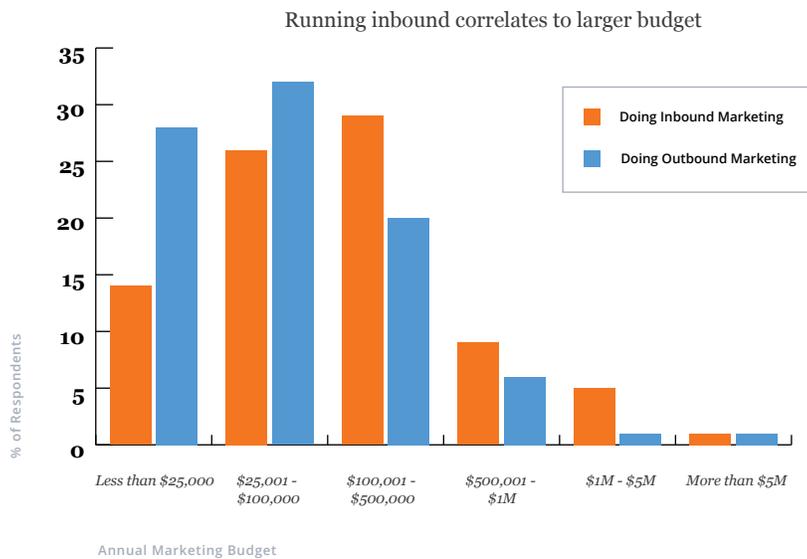
SLA positively correlates to higher year over year inbound budget



Because an SLA applies to large and small companies alike, doesn't require a track-record of success, and is "free" to create, **holding oneself accountable to an SLA is a prudent move for any marketer.** It even holds true for marketers who need to loosen finance's grip on purse strings, despite not yet having demonstrated ROI.

For marketers at mid-sized companies, another straightforward way to earn a bump in budget is simply to run an inbound-driven marketing program (chart below).

MID-SIZED COMPANIES MARKETING BUDGET BY INBOUND VS. OUTBOUND

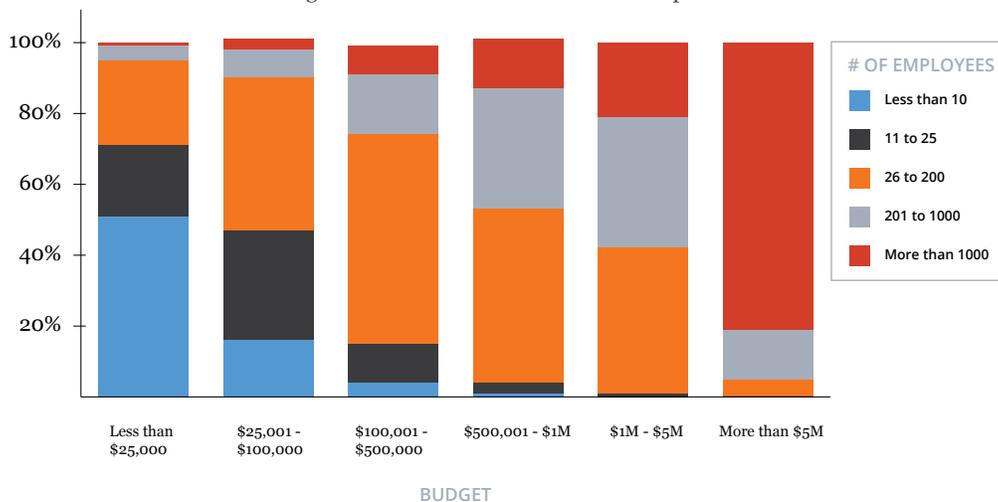


Running inbound positively correlates to higher marketing budgets for mid-sized companies. As annual marketing budgets approach \$100,000, the balance of attention begins to flip from outbound to inbound practices. The larger the budget, and by extension the company, the more budget tilts in the favor of inbound marketers.

But what should your budget be? The answers to this question varied greatly, and were influenced by many factors, several of which we discussed in this report. The benchmarking graphic below visualizes the most commonly cited budgets for companies of various sizes. If you are well below the band for your size company, presenting this chart to leadership may be an effective way to initiate budgetary discussions, but remember that the keys to funding can be found in demonstrating success, establishing an SLA, and running the inbound playbook.

MARKETING BUDGET

Budgets are most variable for mid-size companies



WANT TO USE A STATE OF INBOUND CHART IN YOUR NEXT PRESENTATION?

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CHAPTER THREE

Planning for Inbound

PLANNING FOR INBOUND

Because “Planning for Inbound” is the longest chapter in the report, we’ve broken it into an introduction, followed by four sub-sections, each corresponding to a frequently asked question. Specifically, the chapter provides practical guidance to marketers who are **(1)** struggling to strike the right balance between inbound and outbound, **(2)** peeking around corners to see what unexpected challenges might be coming their way, **(3)** trying to identify the highest return projects, and **(4)** thinking about the best way to partner with their sales counterparts. If you are wrestling with any of these questions, there’s a good chance you’ll find your answer in this chapter.

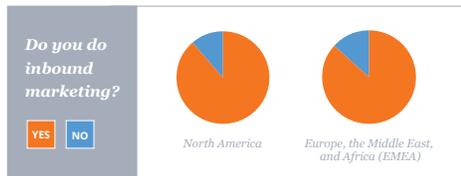
The planning chapter is the most comprehensive by design, because planning is the first building block of any effective marketing program – and that includes inbound programs. A smart plan is more than a collection of tactics neatly organized in outline form. A smart plan is actionable – it reflects both what should be done and what should be avoided, drawing from the successes and failures of others to accelerate progress and avoid pitfalls. A smart plan isn’t cobbled together on January 1st, archived on January 2nd, and dusted off again on December 31st. No, a smart plan is bedrock.

Before we apply data to popular planning questions, let’s begin by debunking a couple of myths. The first has to do with perceptions of marketing sophistication and geography.

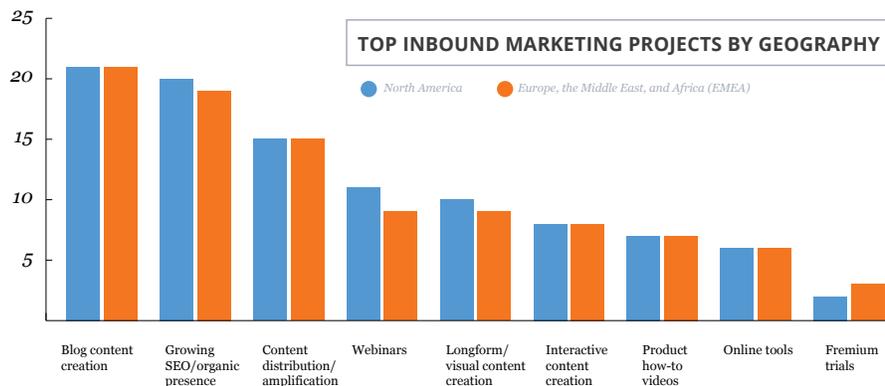
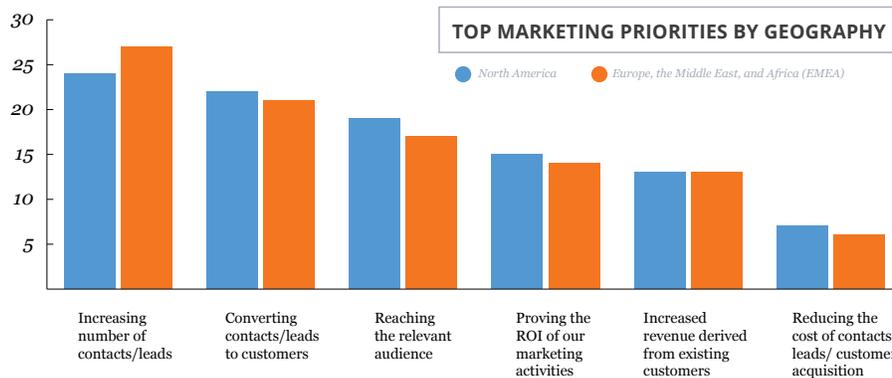
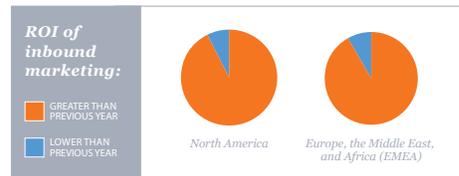
INBOUND MARKETING TRENDS BY GEOGRAPHY

The claim that Europe trails North America is a myth

COMPANIES THAT PRACTICE INBOUND MARKETING BY GEOGRAPHY



INBOUND ROI BY GEOGRAPHY

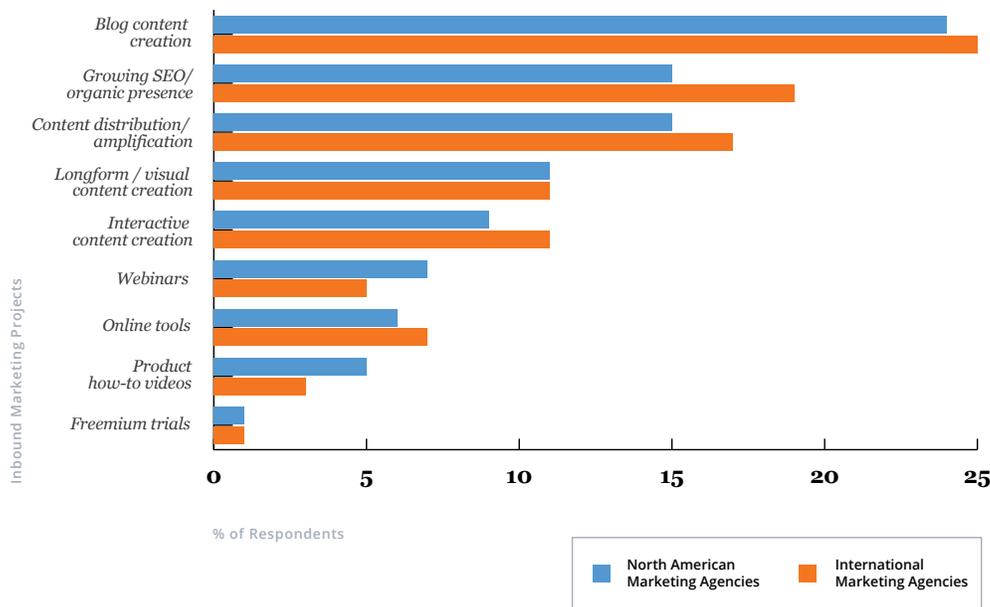


The takeaway is clear: **The next time someone says, “Europe trails North America in inbound marketing by about a year,” don’t nod in agreement.** Instead present them with the above four-chart image, because by virtually all measures, Europe (specifically Europe, Middle East, and Africa, though our data set skewed Western European) and North America parallel one another’s inbound programs. An identical number (86%) of marketers in EMEA and North America say they run inbound marketing programs, and of those that do, both share similar priorities, emphasize similar projects, and enjoy similar results.

In fact, according to the following chart, European marketing agencies are outpacing their North American counterparts when it comes to producing top-of-the-funnel (TOFU) content. Why does this trend merit highlighting? Because as you will see in later chapters, these types of TOFU content positively correlate to ROI.

TOP MARKETING PROJECTS FOR AGENCIES BY GEOGRAPHY

International marketing agencies are going "all in" on producing discoverable content

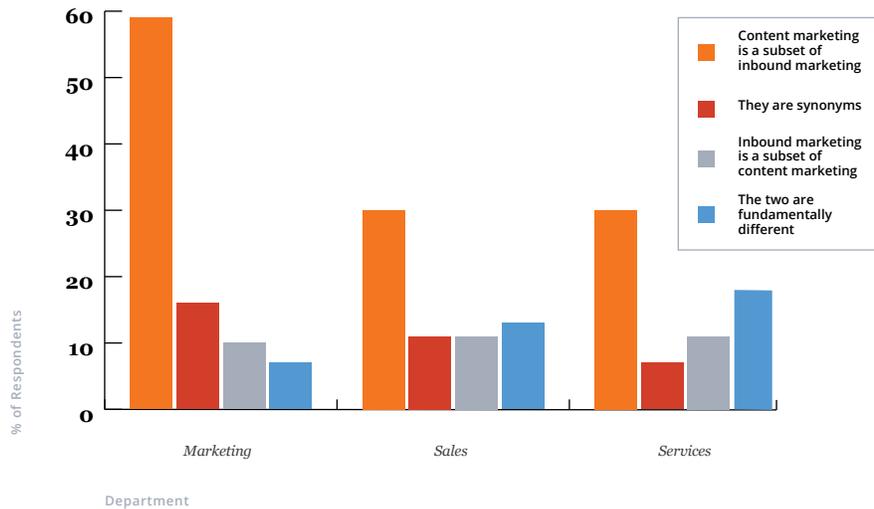


The world is getting smaller. Social media and the rise in corporate transparency have combined to nullify the geographic boundaries that once divided marketers. Thanks to Twitter, Facebook, webinars, and blogs, what works for one company is instantly accessible to others. It's merely a matter of listening to the right people, and there are influencer identification tools to ease that process as well.

The second myth has to do with terminology. Some argue that inbound and content marketing are at odds. They are opposite pressures, or, at the very least, one movement is inferior to the other. The terminology vendors, agencies, and consultants use matters only if it resonates with and is perpetuated by the practitioners who listen to them. So we included a question about terminology in the survey, and the response (below) was unambiguous.

RELATIONSHIP BETWEEN CONTENT MARKETING AND INBOUND MARKETING BY DEPARTMENT

Front-office professionals, particularly marketers, see content marketing as a subset of inbound marketing



Front-office professionals perceive “content marketing” and “inbound marketing” as co-existing, with the former being a subset of the latter. Predictably, the greatest variance is seen with marketers, where the roots for both concepts run deepest. **Nearly six of ten marketing professionals consider content marketing to be a subset of inbound marketing, whereas only 10% consider the reciprocal to be true.** Reassuringly, 85% of marketers believe the two concepts are related, whereas only 7% conclude the terms are fundamentally different.

As a practical matter, what does it mean that content marketing is a subset of inbound marketing? There are a few considerations. First, **marketers should think in terms of “and” not “or” when it comes to content and inbound.** Success relies on both. Second, content – from a blog to webinars, from email nurturing to customer videos – is one of the levers marketers can pull to drive their inbound engine. Inbound marketers produce greater results and enjoy larger budgets, yet without quality content, the inbound machinery stalls.

How Should I Think About the Inbound/Outbound Balance?

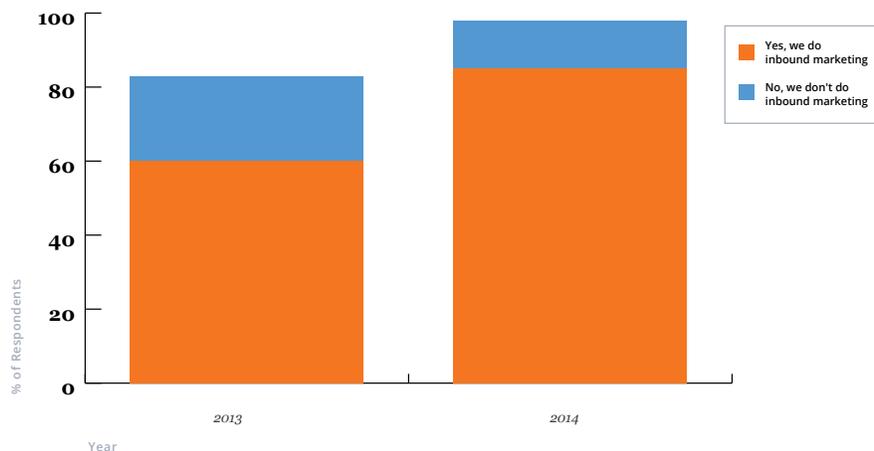
Unlike the harmonious relationship between content and inbound marketing, there is discord between outbound and inbound. This conflict is reflected in many of the graphics to follow.

Before you can determine what the ideal inbound/outbound balance is for your organization, let's begin by zooming out to spot patterns in inbound adoption.

Most notably, an increasing number of marketers are practicing inbound (below). The number of marketers who state they are practicing inbound rose from 60% last year to 85% this year, while the percentage of marketers who concede they don't run inbound was nearly halved to 13%.

% OF MARKETERS THAT PRACTICE INBOUND MARKETING

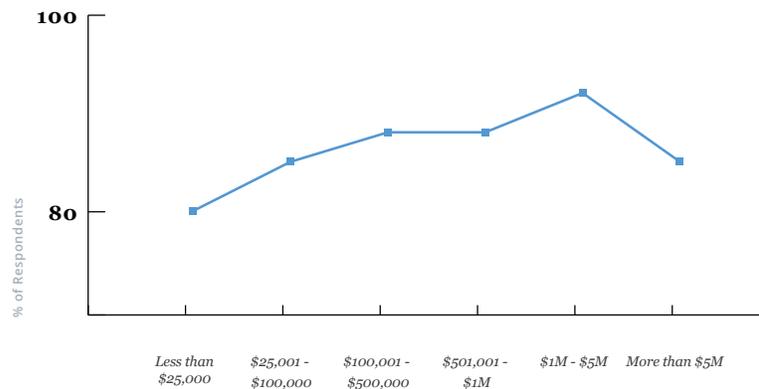
Growth of inbound marketing spiking year over year



Now let's zoom in a little closer and look at the relationship between budget and inbound marketing practices (chart below).

% OF COMPANIES THAT PRACTICE INBOUND MARKETING BY MARKETING BUDGET

Majority of companies practice inbound marketing, particularly large companies



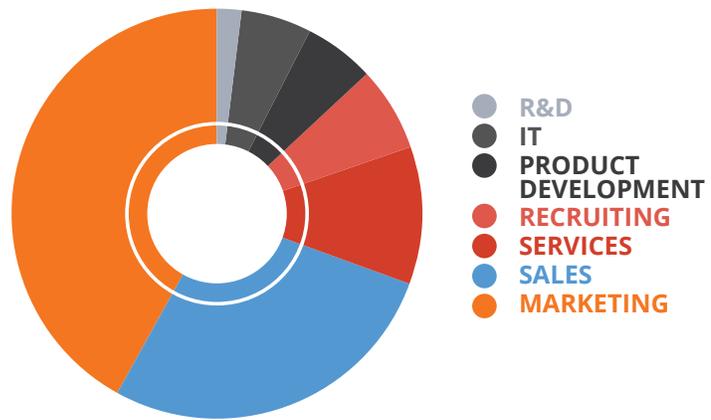
Most organizations are practicing inbound – including more than 80% of companies with an annual marketing budget below \$25,000. **The concentration of inbound marketers peaks (93%) at companies with a marketing budget between \$1M and \$5M annually**, before dipping moderately (7%) at enterprises with the largest budgets.

Taken together the above charts support the notion that **failing to practice inbound puts marketers at an unfair disadvantage**. Most obviously, it prevents them from realizing the benefits of inbound, but it also leads to them losing ground to competitors that are running inbound programs.

While the above charts are useful in understanding how to not lose ground to competition, it's equally important to identify ways to gain advantage. The secret may reside with your colleagues in sales and services.

WHICH DEPARTMENTS IN YOUR COMPANY PRACTICE INBOUND?

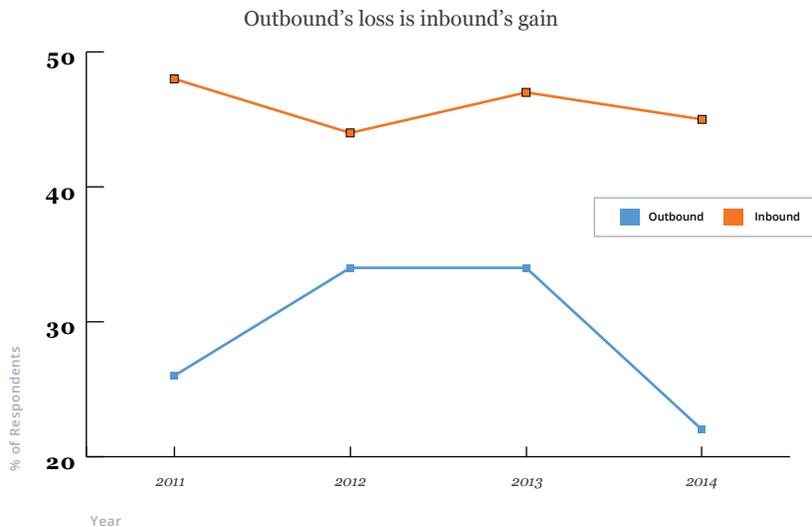
Inbound is not limited to marketing



The graph above presents encouraging data for companies that are considering doubling down on inbound. It reveals that sales **(25%)** and, to a lesser extent, services **(10%)** professionals have begun to employ **inbound practices**. These colleagues should be seen as extensions of the marketing team – both in terms of championing the inbound philosophy throughout the organization as well as contributing content to the engine that drives the program’s success. Being first to capitalize on willing talent outside of your marketing department could be a major competitive advantage for your company.

Ultimately, all marketing – whether for a B2B software vendor, a consumer products manufacturer, a nonprofit organization, or a consultancy – comes down to the team’s ability to grow revenue. For this reason, attributing new business leads to inbound or outbound practices is one of the most important considerations when determining the balance of inbound vs. outbound activities in your marketing plan. Let’s take a look at the data our survey produced in the area of “lead source.”

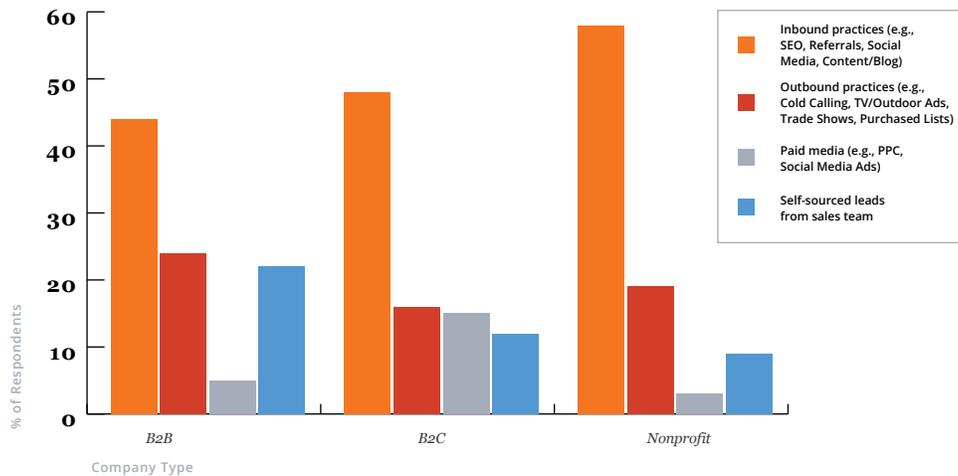
PRIMARY LEAD SOURCE BY INBOUND/OUTBOUND



For the first time in the past four years, outbound as a primary lead source has dropped, and sharply – from 34% to 22%. Meanwhile, inbound has remained relatively stable, off just 1% from its previous three year average. As a result, **in 2014, more than twice as many respondents cited inbound (45%) as their primary source of leads versus outbound (22%).**

PRIMARY LEAD SOURCE BY COMPANY TYPE

Inbound lead sourcing advantage is greatest for nonprofits



Half of marketers across B2B, B2C, and nonprofit sectors ranked inbound as their primary lead source, exceeding the average (42%) of all other channels combined. (See above chart.)

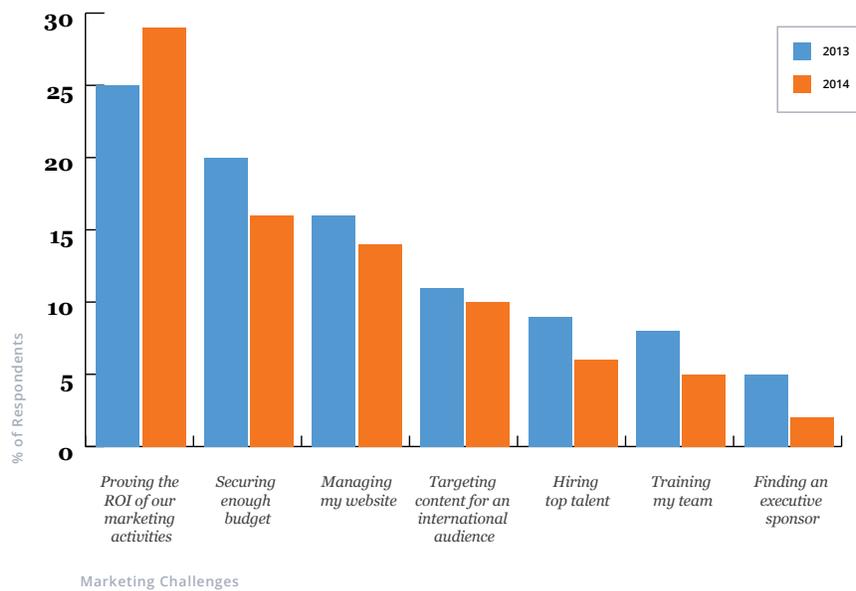
The disproportionate impact of inbound is enjoyed most by nonprofits, where inbound (58%) is responsible for procuring nearly twice as many leads as the roll-up of all other channels (31%). Given that nonprofits often face budget constraints, necessity is proving to be the mother of inbound.

What Challenges Should I Anticipate?

Regardless of the size of your team or budget, few marketers can afford to be inefficient. Spending time and money implementing flawed programs is the very definition of inefficiency. What are some of the challenges marketers should anticipate as they think through their inbound plans? Here are a few items to consider.

TOP MARKETING CHALLENGES BY YEAR

Marketers are overcoming many challenges, but ROI remains a hill to climb



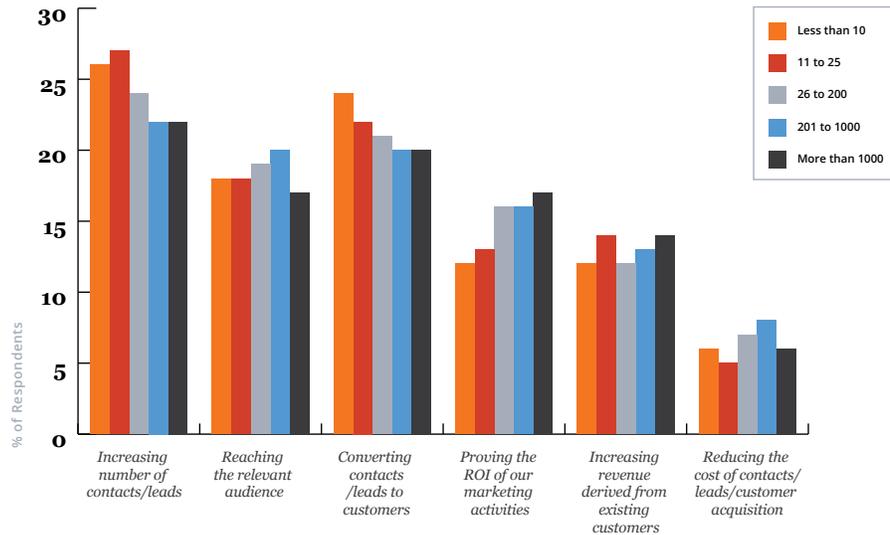
With the significant exception of ROI, marketers are overcoming all major challenges (chart above). In fact, ROI is the only challenge cited by more marketers this year than last. The pressure to prove ROI may be mounting – management is likely expecting to see proof of marketing impact now that many pieces are in place.

As you will see in the following subsection, **although proving ROI is the top challenge, it's incongruously ranked as a relatively low priority.** That unthinkable disconnect needs to be reconciled – if leadership is expecting ROI, marketers need to prioritize its delivery.

The below graph, which looks at top marketing challenges by company size, reinforces the universality of the ROI challenge. In fact, the larger the company, the more likely ROI is to be the organization's top hurdle.

TOP MARKETING PRIORITIES BY COMPANY SIZE

Smaller companies tend to prioritize lead gen, whereas larger companies prioritize ROI. Few focus on reducing cost per lead/customer



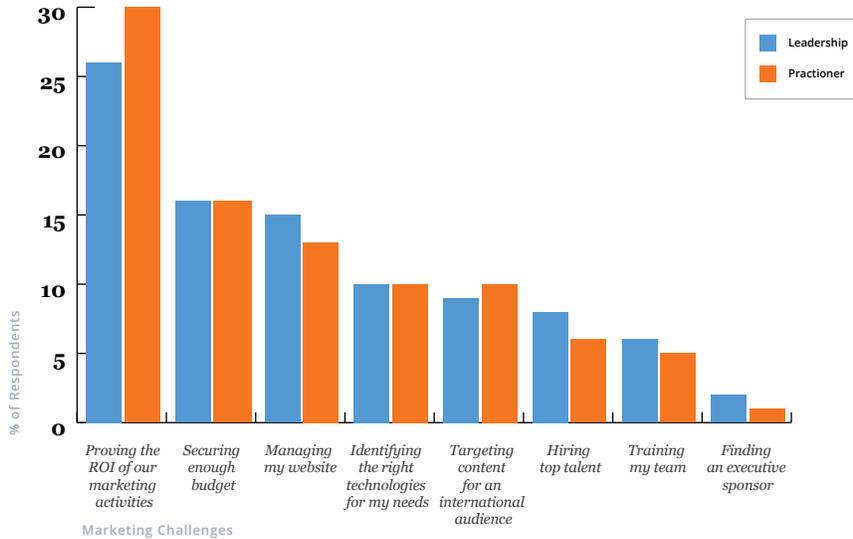
There are some nuanced differences between small and large companies' perceptions of marketing challenges. **Small companies are more challenged by fundamental needs, like managing their website, whereas larger companies are hampered by more strategic issues, such as hiring and internationalization.**

Curiously, very large companies – those with more than 1,000 employees – appear to be struggling with issues that can, at least theoretically, be solved with money. For example, enterprises can hire consultants to help them select the right technology or pay a premium for talent, yet they lead all others in ranking technology selection and hiring as their top challenge.

Despite the disconnect between marketing challenges and priorities (see next subsection), there is tight alignment between marketing practitioners (manager and below) and marketing leadership (director and above) as illustrated in the next chart. A similar alignment can also be seen in a forthcoming graph on marketing priorities by role.

TOP MARKETING CHALLENGES BY ROLE

Strong alignment exists between marketing practitioners and leaders



This survey question provided an open-text option, allowing respondents to submit their own top challenge. Most centered on the difficulty of producing enough content, which is consistent with anecdotal feedback we hear in the market. Sophisticated funnel-related challenges began to establish a pattern this year. For example, targeted lead acquisition, lead management, lead-to-customer conversion, and even post-sale advocacy peppered the 300+ written responses. **Interestingly, the word “mobile” appeared only once.**

OPEN TEXT RESPONSES TO “WHAT ARE YOUR TOP MARKETING CHALLENGES”

Unaided emphasis on ‘mobile marketing’ is incredibly low

1 
MOBILE

319 
CHALLENGES OTHER THAN MOBILE

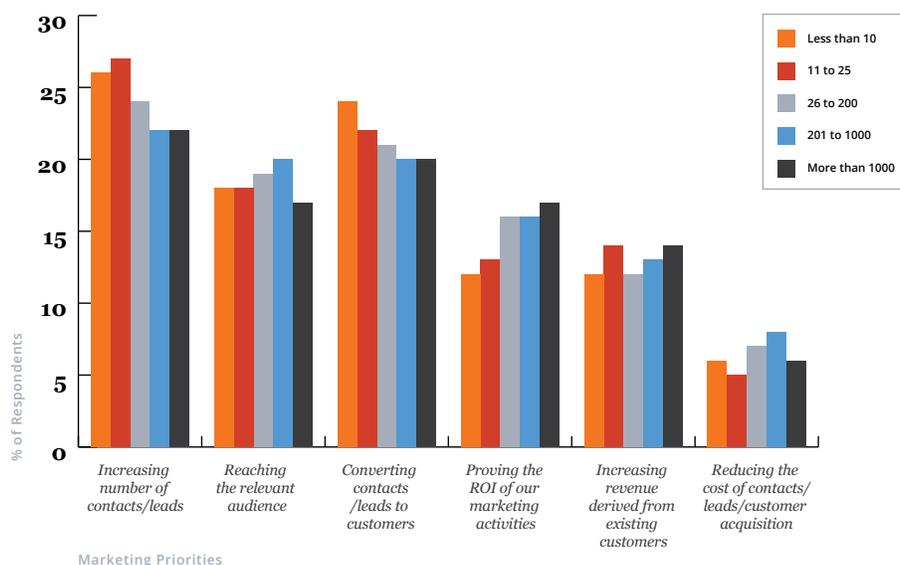
Either marketers feel they've solved mobile or, more likely, mobile hasn't risen to the level of consideration (at least, not without aided consideration). In either case, marketers need to be thinking more about mobile – to keep pace with those who are, or leave behind those who aren't.

Where Should I Spend My Time & Budget?

You would think marketing's challenges would parallel marketing's priorities, but, according to the below graph, that doesn't appear to be the case. While ROI tops marketing challenges, the number one marketing priority (according to the below chart) is lead generation (24%) followed by lead conversion (21%). A modest 15% of marketers (across all company size categories) ranked ROI as their top priority.

TOP MARKETING PRIORITIES BY COMPANY SIZE

Smaller companies tend to prioritize lead gen, whereas larger companies prioritize ROI. Few focus on reducing cost per lead/customer

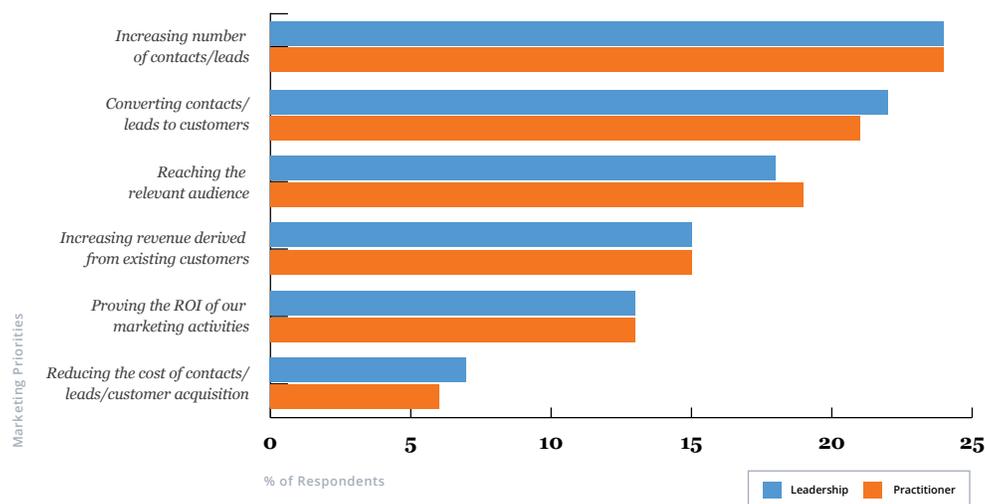


Although the ROI challenge/priority may be asynchronous, some patterns established in the previous challenges charts reappear in the above priorities graph. Specifically, smaller companies tend to focus on immediate, tactical objectives (e.g., generating leads); while larger companies have the resources to tackle more complex initiatives like calculating lead value.

It's intuitive that smaller companies would over-index for lead generation. After all, the company's very livelihood may rest on getting a sufficient number of leads to sales. Large companies, having moved beyond the volatile startup phase, likely consider total lead volume as a lower priority because they've already procured enough leads to grow the business. Instead, at this stage on the maturity curve, politics begin to emerge. As a result, we see the rise in importance of prove-your-worth metrics like conversion rates and lead unit economics.

TOP MARKETING PRIORITIES BY ROLE

Strong alignment exists between marketing practitioners and leaders



Similar to the “Top Marketing Challenges by Company Size” graph, the above graph depicts tight alignment between marketing practitioners (manager and below) and leaders (director and above). The rise of data-driven marketing provides a likely explanation for the extremely low variance in this chart. Unlike marketing that relies on “gut” and instinct, inbound is rooted in data. **Unbiased, objective data facilitates alignment by providing marketing leaders and practitioners with a common pool of information upon which to base decision-making and prioritization.** Data should be invited to every marketing meeting. After all, art may be subjective; science isn't.

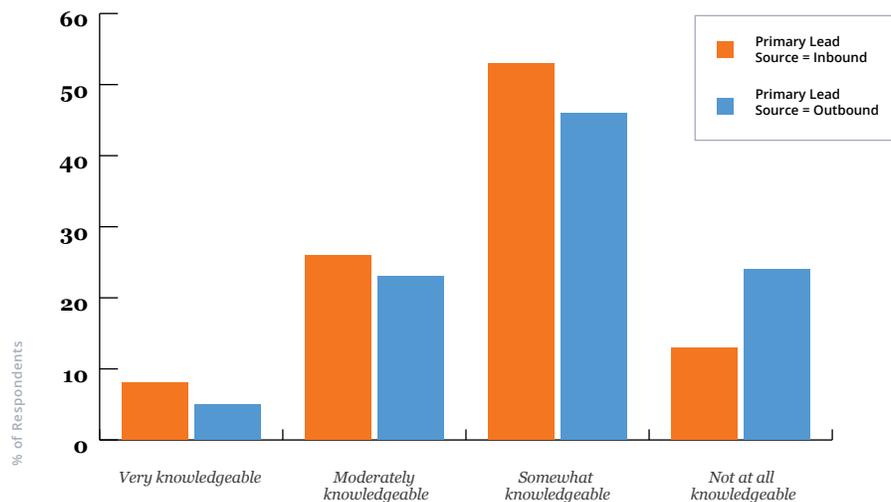
How Should the Sales Team Factor Into My Plans?

It is becoming imperative for marketing to factor sales into its plans. After all, sales is the primary beneficiary of marketing's effort. If sales and marketing are aligned, then many performance metrics – like lead quality, lead volume, even marketing ROI – fall into place much more naturally. In other words, the sales/marketing SLA that opens the door to credibility and the budget that comes with it (see “Budgets” chapter) is only achievable if sales is a forethought, not an afterthought, in the planning process.

In addition to making sure SLA metrics are factored prominently into the marketing plan, there are additional ways marketing can support its primary stakeholder. For example, marketing should make sure prospects are as informed as possible prior to their first interaction with a rep.

HOW KNOWLEDGEABLE ARE PROSPECTS ABOUT YOUR COMPANY PRIOR TO SPEAKING WITH SALES?

Inbound marketers create more knowledgeable prospects

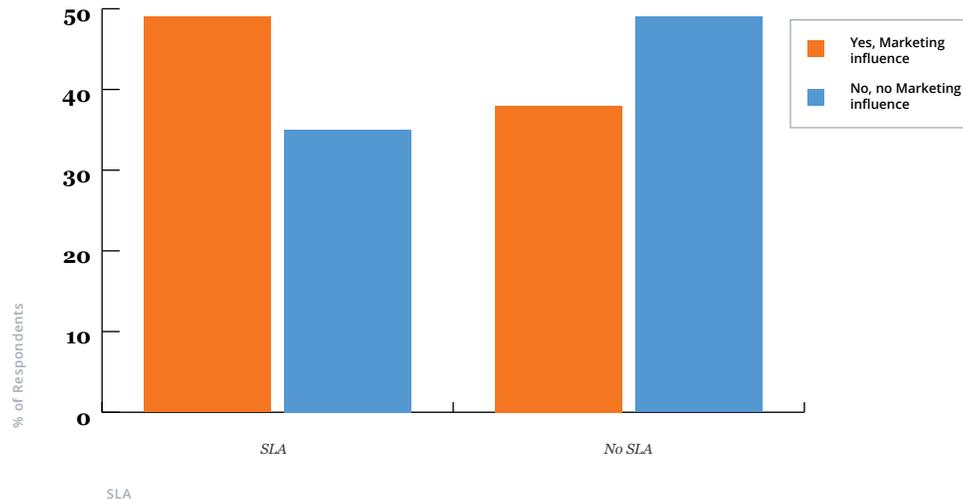


Inbound warms leads (chart above). **Inbound-sourced leads are consistently more knowledgeable about the company prior to speaking with a rep than leads sourced through outbound means.** Because the number of leads can be counted and the quality of leads can be scored, marketers understandably focus on these two dimensions of lead generation. Yet the familiarity a lead has with your company is also an important consideration when readying your marketing plan.

The below graph suggests that “good things happen” when marketing partners with sales.

DOES MARKETING INFLUENCE SALES SOFTWARE SELECTION?

Companies with a sales/marketing SLA are more likely to involve both groups in sales software selection



The presence of an SLA correlates to greater involvement by marketing in sales software selection. Forty nine percent is a key figure: **49% of companies with an SLA involve marketing in sales tech selection process; 49% of companies without an SLA do not involve marketing in this process.** Why is it advantageous for marketing to play a role in sales software selection? Because marketers need to make certain the technology sales selects facilitates its ability to process the data required to demonstrate results.

The notion of integration – specifically, the integration of sales and marketing software – was a prominent theme in the open-text feedback to a question about technology selection. The solution is refreshingly simple: Having a say in sales starts with an SLA.

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CHAPTER FOUR

Executing for Inbound

EXECUTING FOR INBOUND

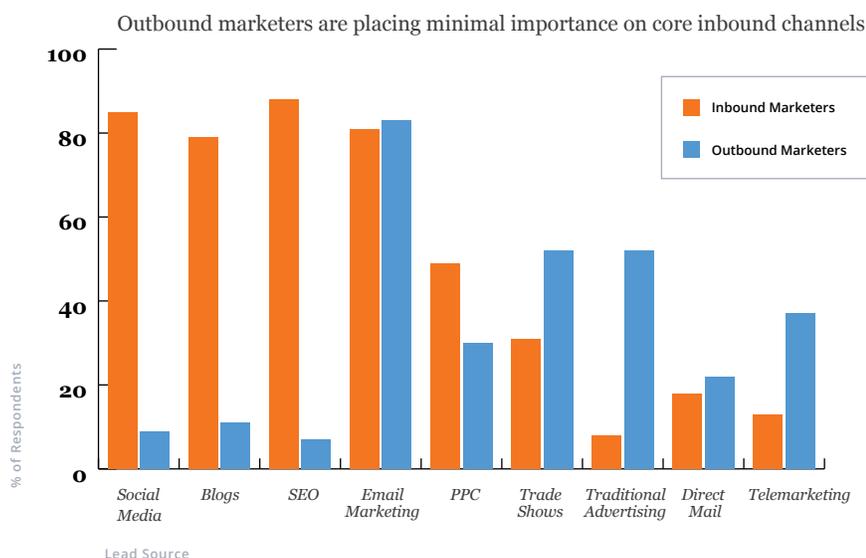
Implementing inbound is like skiing: It's the perpetual state of gaining, losing, and regaining your balance – often in rapid succession. Inbound isn't riding a bike; coasting isn't an option. The “set and forget” mentality is rarely rewarded in inbound, because inbound is about constantly reallocating your resources based on performance.

Because the best inbound programs are nimble, there's no magic formula for success. Or, more accurately, today's magic formula might not be so “magic” tomorrow. There's no inbound-equivalent of the popular 4-1-1 Twitter “rule.” When executing your inbound program, it's best to start with what's worked for others, and then recalibrate based on performance feedback.

Where Do the Best Leads Hide?

Inbound marketers are finding leads where outbound marketers aren't. According to the below graph, **84% of inbound marketers – compared to only 9% of outbound marketers – cite organic, top of funnel sources (social media, blogs, SEO) as rising in importance.**

WHICH LEAD SOURCES HAVE BECOME MORE IMPORTANT (OVER LAST 6 MONTHS)

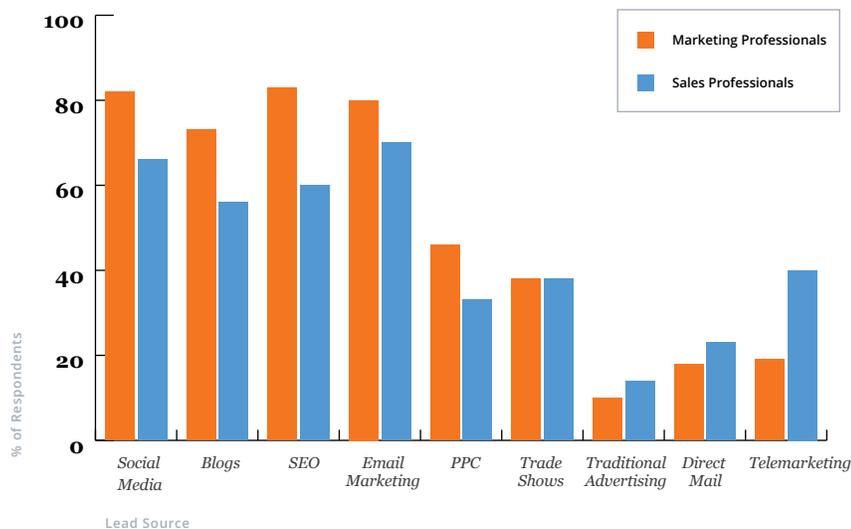


In fact, it appears the only lead source valued equally by inbound and outbound marketers is email.

The graph below compares how marketing and sales professionals view the importance of different sources of leads. Notably, **sales professionals (61%) are nearly seven times more likely to value organic, top of funnel sources than outbound marketers (9%).** (Note: The “outbound marketer” segment is not called out in the chart below.)

WHICH LEAD SOURCES HAVE BECOME MORE IMPORTANT (OVER LAST 6 MONTHS)

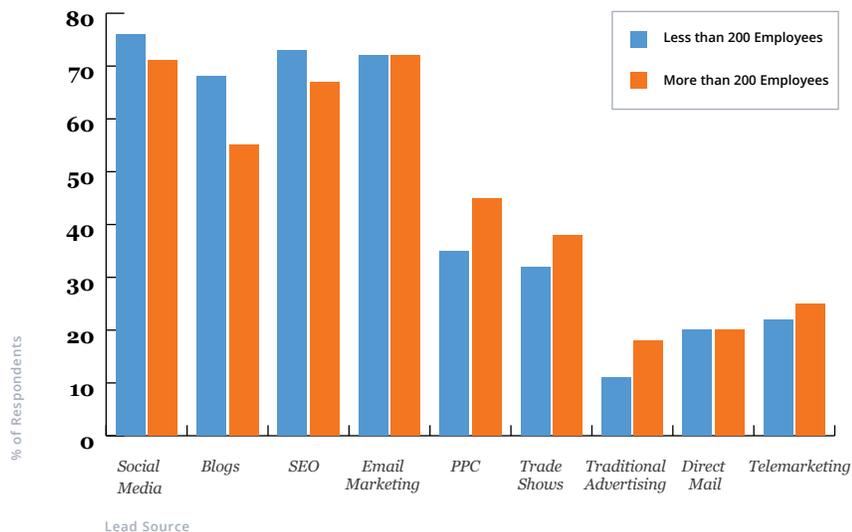
Sales gravitates toward outbound channels whereas marketers lean inbound



As you might expect, the chart above shows that sales professionals still index higher than marketers when it comes to outbound lead sourcing techniques like tradeshow, direct mail, and telemarketing. But next to email, the three most important lead sources for reps are all decidedly inbound – social media, SEO, and blogs. **Salespeople “get” inbound (often better than outbound marketers do), and as the inbound methodology becomes more deeply entrenched in sales, there’s likely to be even less variance between the two groups.**

WHICH LEAD SOURCES HAVE BECOME MORE IMPORTANT (OVER LAST 6 MONTHS)

Small companies had a head start at inbound; large companies are closing the gap



Pivoting the same question [“Which lead sources have become more important (over last 6 months)?”] by company size (chart above) reveals something noteworthy: There’s minimal variance between smaller companies and larger ones, suggesting inbound isn’t a “big company” or “small company” priority. It’s not the size of the company that shapes inbound priorities, but rather the outlook of the marketing team. It’s universal.

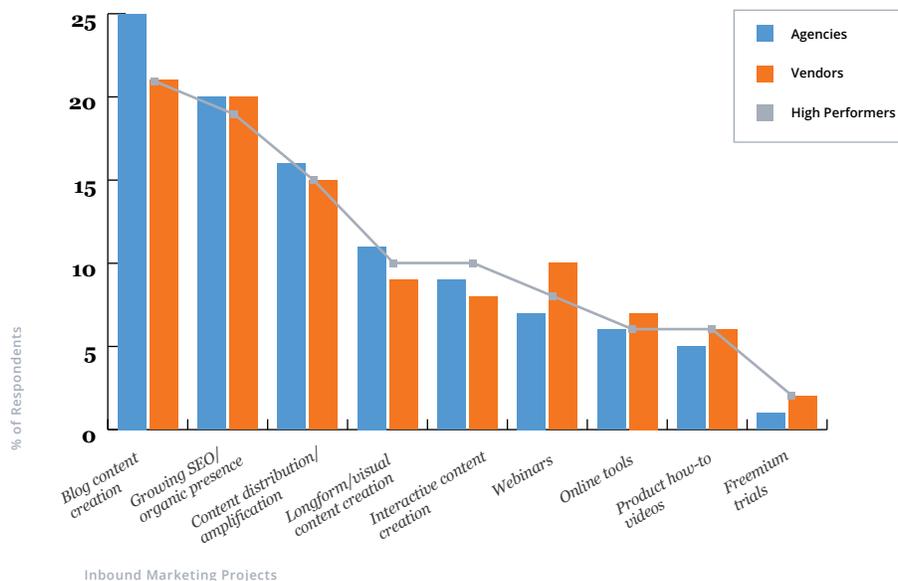
What Projects Promise the Greatest Return?

When venture capitalist Byron Deeter wrote, “If your sales and marketing teams are rational, quantitative, and have metrics in place, then on average the next dollar they spend will go to something that performs slightly worse than the dollar they spent before it – or their existing budgets are poorly allocated,” he was cheering the hyper-efficiency made possible by data-driven marketing.

So what are the “first dollar” projects that deliver peak value? Certainly they vary by industry, but below is a snapshot of the projects high performers (vendors and agencies that drove greater year-over-year inbound ROI) prioritize.

TOP INBOUND MARKETING PROJECTS

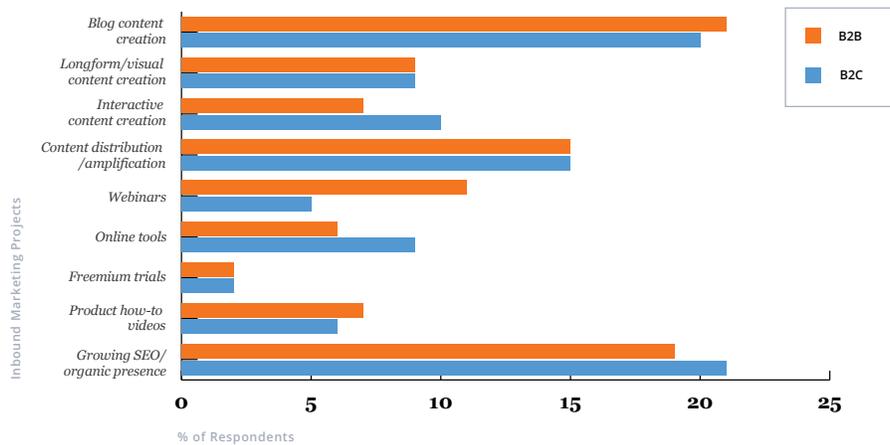
High performing agencies and vendors doubled down on projects with the greatest ROI



High performers prioritize projects designed to help get the company and its content discovered. This pattern holds for both agencies and vendors. **When considering which tactics to employ to establish or accelerate your inbound program, data would suggest blogging, SEO, and content distribution.**

TOP INBOUND MARKETING PROJECTS BY COMPANY TYPE

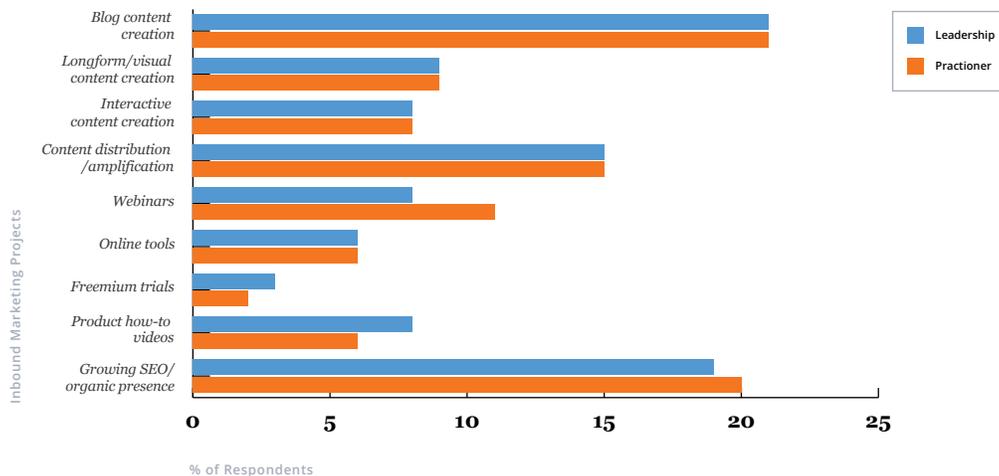
B2B companies prefer educational formats, whereas B2C companies prioritize engaging digital formats



B2B and B2C companies tend to prioritize the same inbound tactics (see above), but with a few minor exceptions. **B2B companies appear to place a higher value on educational formats (like webinars), whereas consumer businesses are slightly more willing to experiment with advanced digital formats (interactive content, online tools).** The below graph, which visualizes Top Marketing Projects by Role, shows even tighter alignment. Similar to the earlier charts that segmented inbound challenges and priorities by role, **marketing leaders and practitioners are closely aligned around which tactics to prioritize.** Again, data-centricity is likely at the heart of this alignment.

TOP INBOUND MARKETING PROJECTS BY ROLE

Strong alignment exists between marketing practitioners and leaders

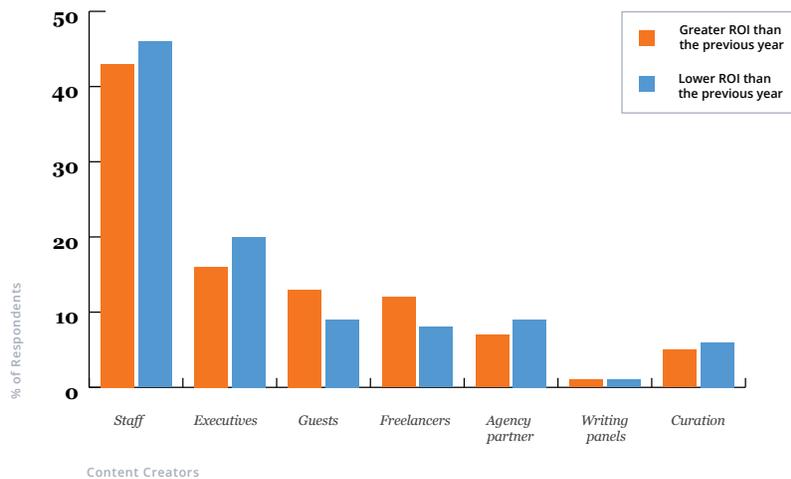


Who Should Create My Content?

Content – blog posts, distributed broadly, and written to drive organic search results – tops the inbound projects lists for all segments (high performers, large/small companies, leaders/practitioners). Content is the lifeblood of inbound. Given its importance, the next logical question is, “Who should create our content?” Again, let’s begin at the end – with a look at how high performers address the issue.

WHO CREATES CONTENT BY ROI

Guests, freelancers key to ROI improvement

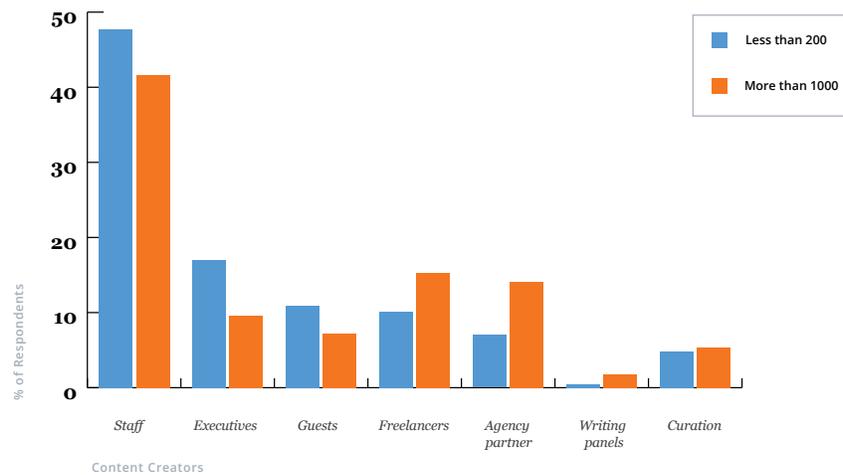


While internal authors – namely staff and executives – correlate to the highest ROI, they also happen to correlate to the lowest ROI. Why? Because every company that publishes content creates at least some of it internally. Few if any companies outsource *all* of their content creation. So instead of looking for guidance in the size of the bars for each segment, let’s instead zoom in on areas of change, specifically who created content for companies that enjoyed a lift in year over year ROI: guests and freelancers.

It's likely that guests and freelancers correlate to increased ROI because inbound success relies as much on content volume as it does on quality. Unless a company is producing a steady stream of (quality) content, the audience it earns will begin to decay. Guests and freelancers are relatively inexpensive sources of content. **Procuring content from these groups allows companies to scale output while simultaneously increasing the marketing team's capacity for measurement and optimization.**

WHO CREATES CONTENT BY EMPLOYEE COUNT

Smaller companies are more likely to create content internally



The above chart is intuitive. Given resource constraints, **smaller companies tend to produce more of their own content, whereas larger budgets allow enterprises to source content from specialists and agencies.** Given that small company executives (19%) are more likely to produce content than large company leadership (12%), it's possible for smaller companies to win the quality battle.

Writer panels, like NewsCred, Contently and others, barely registered any responses. Again, as quality rises in importance, these types of organizations could emerge as a desirable option given that they combine the benefits of freelancers with a layer of vetting and management.

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CHAPTER FIVE

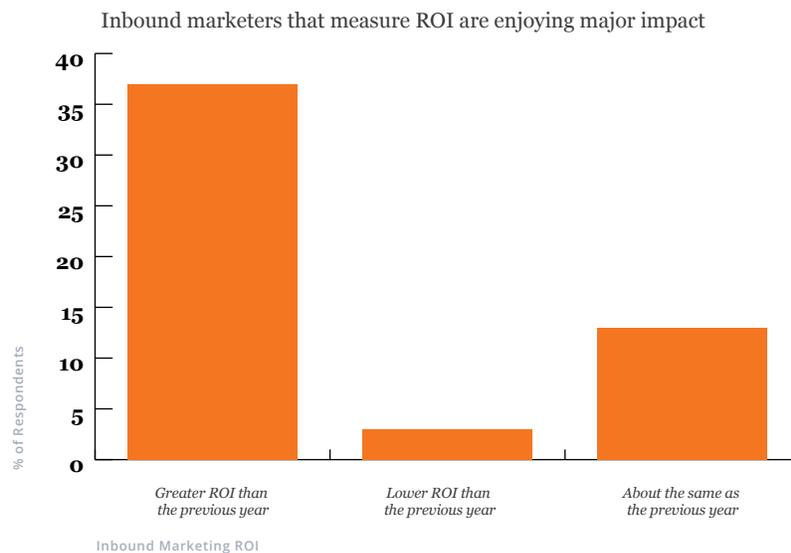
Measuring Inbound

MEASURING INBOUND

When it comes to inbound, measurement is the alpha and omega. It's the first step in developing a plan and the last step in determining results. This is why data is such a central component of the inbound machine.

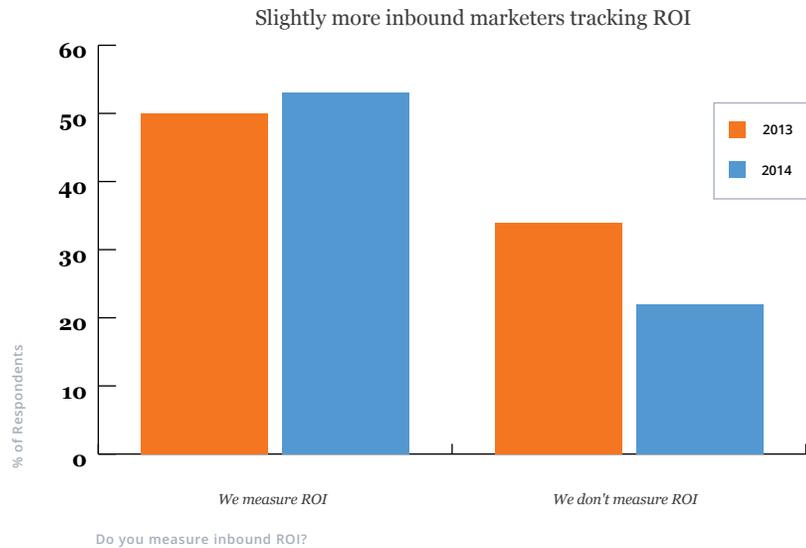
As you can see in the below chart, that you measure your marketing is nearly as important as what you measure.

INBOUND ROI IMPACT YEAR OVER YEAR



Incredibly, **marketers that measure inbound ROI are 17 times more likely to see the same or greater ROI over the previous year** (chart above). It's likely that selection bias is impacting the data. After all, higher performing marketers are more likely to measure results, thus they are also more likely to drive growth. Nevertheless, there's a strong correlation between simply measuring ROI and achieving it. Marketers that are not currently measuring ROI should begin immediately, because eventually they will need a baseline against which to establish year-over-year performance.

INBOUND ROI MEASUREMENT YEAR OVER YEAR

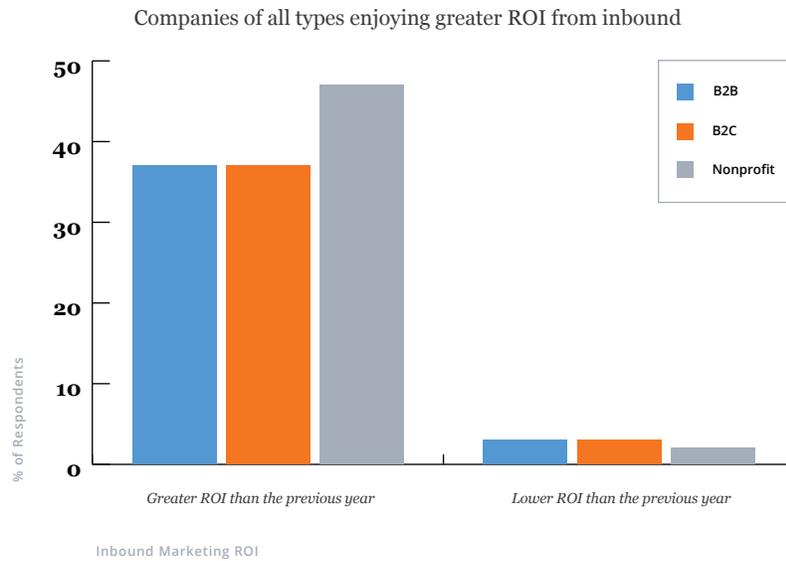


Given the relationship between measurement and performance, it's encouraging to note the rise in marketers tracking ROI (see chart above). The percentage of marketers measuring ROI rose by a modest 3% over 2013; however, the percentage of marketers admitting they don't measure ROI is down by 12%.

Before we get too excited about this pattern, it's worth noting that the image isn't quite as rosy as it might seem. Marketers are still struggling to calculate return. **Only slightly more than half (53%) are measuring ROI, which means that simply measuring ROI – regardless of your results – automatically puts you in the upper half of the profession.**

Now let's raise the bar back to where it belongs: results. Which sectors are improving ROI?

INBOUND MARKETING ROI BY COMPANY TYPE

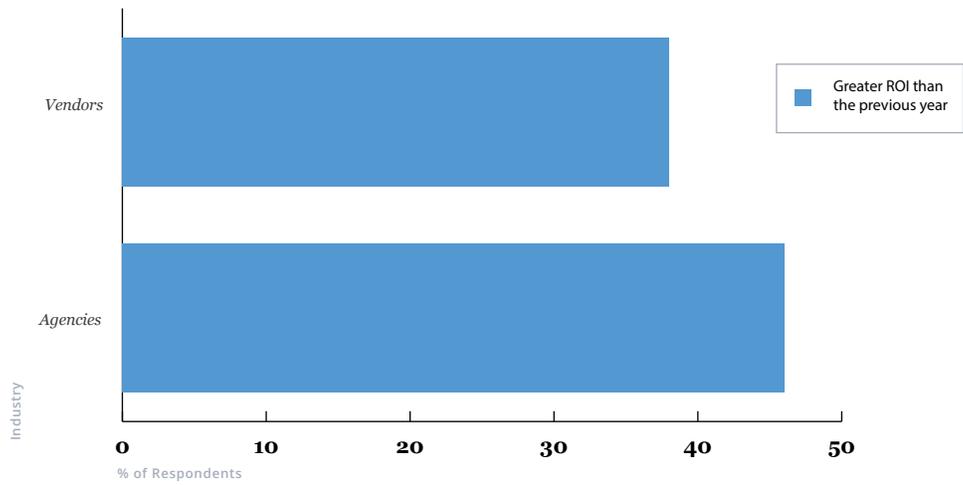


According to the chart above, inbound ROI is up for everyone, in particular nonprofits. This data reinforces an earlier graph (see “Primary Lead Source by Company Type” in the Planning for Inbound chapter) that revealed nonprofits source nearly twice as many leads via inbound channels as all other channels combined. **Given nonprofits’ success at inbound lead generation, it’s natural that they would also outperform B2B and B2C companies in ROI growth.**

In the introduction to this report, we established that inbound is 20% more likely to be the primary lead source for agencies than it is for the aggregate of all vendors. Therefore, agencies should outperform vendors in terms of inbound ROI just as nonprofits eclipse B2B and B2C organizations. Let’s look at the chart below, which compares the inbound ROI of agencies to vendors.

AGENCIES VS. VENDORS

Marketing agencies are generating greater inbound ROI than all others



Indeed the pattern is consistent: **Organizations that source more leads through inbound tend to enjoy an ROI advantage.**



THE IMPACT OF BLOGGING ON INBOUND ROI

Marketers who have prioritized blogging are 13x more likely to enjoy positive ROI

But what is driving inbound ROI? What single activity is most commonly associated with success? We looked at each inbound practice to find the one that had the strongest correlation to positive ROI and found that **marketers who emphasize blogging are 13 times more likely to have increased ROI year over year.**

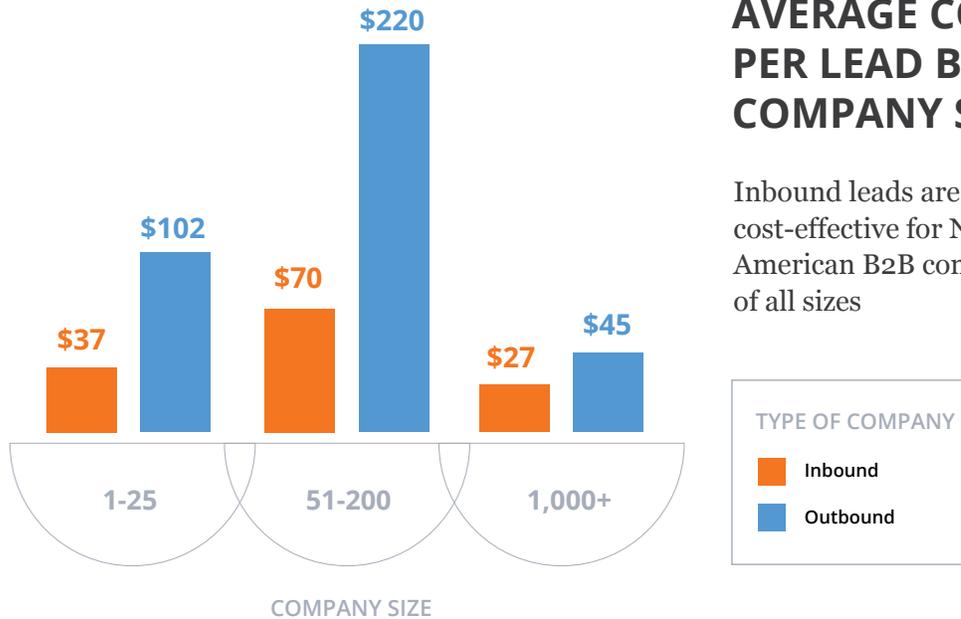
Clearly ROI is marketing's ultimate goal. But to increase return, marketers need to improve performance of all initiatives that contribute to ROI. Although there are no universal funnel (e.g., how much should leads at different funnel stages cost) or budget (e.g., what size budget is appropriate for companies of different sizes) benchmarks, readers of previous "State of Inbound Marketing" reports have asked for deeper insights into how their fellow marketers perform at each buying stage.

We asked a series of questions to help readers compare their funnel metrics to others'. We collected data on cost per lead and cost per customer, as well as website, blog, email, and landing page conversion rates. This effort, however, led to a single, unambiguous conclusion: Too few marketers can report reliably on the unit economics of their funnel to justify including much of the data in this report. For example, there's simply no way marketers, on average, are converting 9% of their blog visitors into prospects.

We did find that **leads sourced through inbound practices are consistently less expensive than outbound leads**, regardless of company size. Below is a graph that looks at cost per lead for North American B2B companies. The absolute costs are less important than the relative cost between inbound and outbound leads.

AVERAGE COST PER LEAD BY COMPANY SIZE

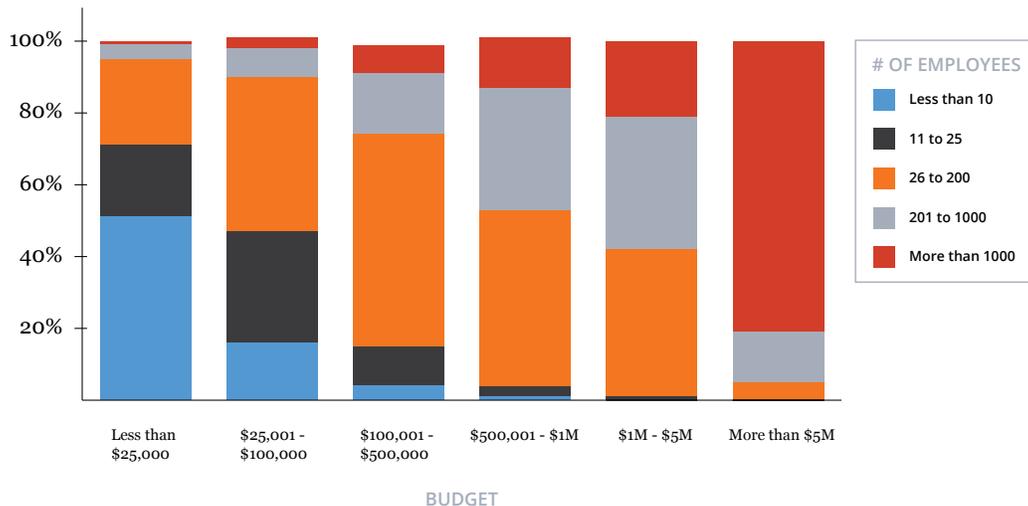
Inbound leads are more cost-effective for North American B2B companies of all sizes



The information gathered on budgets is more reliable. The graphic below illustrates the most popular budget range for companies of various sizes. If your budget is a below-norm outlier, this data may be a useful catalyst for discussion with your executive team. (Conversely, if your budget is an above-norm outlier, you may wish to discard this page, immediately.)

MARKETING BUDGET

Budgets are most variable for mid-size companies



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CHAPTER SIX

Survey Methodology

SURVEY METHODOLOGY

HubSpot fielded our 2014 State of Inbound Survey between 10:00 AM EST on June 25, 2014 and 5:00 PM EST on July 15, 2014. The survey was administered online, where 6,432 respondents started the survey and 3,570 completed it. To see the exact demographic breakdown of the completed survey respondents, please reference the Audience Composition graphic in the first chapter.

The sampling method was a voluntary sample with the incentive being a chance to win one of ten available Beats Solo2 On-Ear Headphones. The audience was solicited through the following promotional channels: Facebook, Twitter, LinkedIn, Paid & Email.

Participation in the State of Inbound Survey Giveaway was subject to ‘HubSpot’s “State of Inbound 2014” Survey Sweepstakes - Official Rules’ available here - <http://hubspot.com/state-of-inbound-survey-sweepstakes-terms-conditions>.

About the Team

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Survey Implementation: Abhinav Arora

Data Analysis: Joe Chernov / Sara Davidson

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Site Design: Anna Faber-Hammond

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