

The State of Inbound Marketing



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January 2009

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Introduction

Summary of Findings

The State of Inbound Marketing offers readers three key findings:

#1 Inbound marketing channels deliver a dramatically lower cost-per-sales lead than outbound channels.

Respondents that spent more than 50% of their marketing budget on inbound marketing consistently reported a lower cost-per-sales lead than those that spent 50% or more on outbound marketing. In fact, inbound marketing-dominated organizations experience a 61% lower cost-per-lead than outbound marketing-dominated organizations.

Businesses are responding by allocating a greater portion of their budget to inbound marketing. Currently, 37% of business' lead-generation budget is dedicated to inbound marketing, whereas 30% is dedicated to outbound marketing efforts. We expect this gap to widen significantly over time.

#2 Blogs lead other social media categories in terms of importance to business.

Blogs are frequently cited as the most useful type of social media marketing, with 75% of those familiar with their business' blogging efforts saying they are 'useful,' 'important,' or 'critical' to their business. MySpace finished last in terms of importance of those that use the service for business purposes.

#3 Small businesses are most aggressively allocating lead generation budgets to blogging, social media and search engine optimization.

Realizing that inbound marketing techniques 'level the playing field' with the bigger budgets of larger competitors, small businesses are spending a 180% greater portion of their budgets on blogging/social media and 36% greater portion of their budgets on search engine optimization than businesses with 50 employees or more.

Overview of Inbound Marketing

This report is primarily designed to help businesses and marketers better understand the current usage and results of inbound marketing. Inbound marketing is a set of marketing strategies and techniques focused on pulling relevant prospects and customers towards a business and its products. Inbound marketing is becoming widely accepted because it complements the way buyers make purchasing decisions today -- using the Internet and related media to learn about the products and services that best meet their needs.

Inbound marketers offer their audiences useful information, tools and resources to attract these people to their site, while also interacting and developing relationships with customers on the web. Inbound marketing tools include blogging, content publishing, search engine optimization, social media and social networks.

Inbound marketing contrasts with traditional outbound marketing, in which businesses push their messages at consumers. With techniques that include direct mail, telemarketing and trade shows, outbound marketing has become less effective over time as buyers have behaviorally and technologically (e.g., TIVO, spam filters, 'do-not-call' lists) tuned these interruptive campaigns out.

Respondent Profiles

The State of Inbound Marketing report is based on a survey issued in late 2008. The survey was completed by 167 professionals involved or familiar with their business' marketing strategy. These professionals included marketers, business owners, entrepreneurs, executives and salespeople in businesses of all sizes. 71% of these professionals worked in business-to-business companies and approximately one-quarter of those surveyed worked in the business or professional services sector.

Sample Questions Asked

Respondents were asked a series of questions related to their business' marketing programs. Most of the questions fell within three categories:

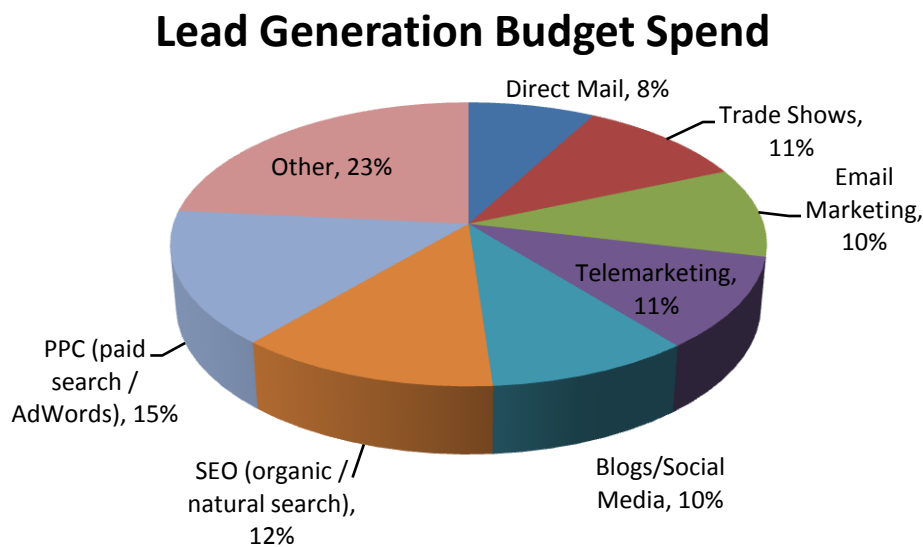
- Marketing budget and sources of leads, including:
 - What percent of your sales leads come from each of your lead channels?
 - What percent of your lead generation budget do you spend on each of your lead channels?
 - Estimate the cost-per-lead for each of your lead channels.
- Trends in 'importance' and 'usefulness' of marketing channels and leads, including
 - Which sources of leads have become MORE important to you over last six months?
 - Which sources of leads have become LESS important to you over last six months?
 - How useful are social media sources to your business?
- Focus on blogs
 - Do you publish a blog?
 - How often do you publish a post?
 - What is your biggest frustration with your blog and blogging?

The State of Inbound Marketing

Inbound-Driven Businesses Report Significantly Lower Cost-Per-Lead Than Outbound

Businesses are undoubtedly spending more money and time on inbound marketing techniques – such as blogging, social media, search engine optimization (SEO) and pay per click (PPC) – to generate sales leads. Many believe this trend will continue for years to come, as buyers shift more of their time to the digital mediums that inbound marketing primarily targets.

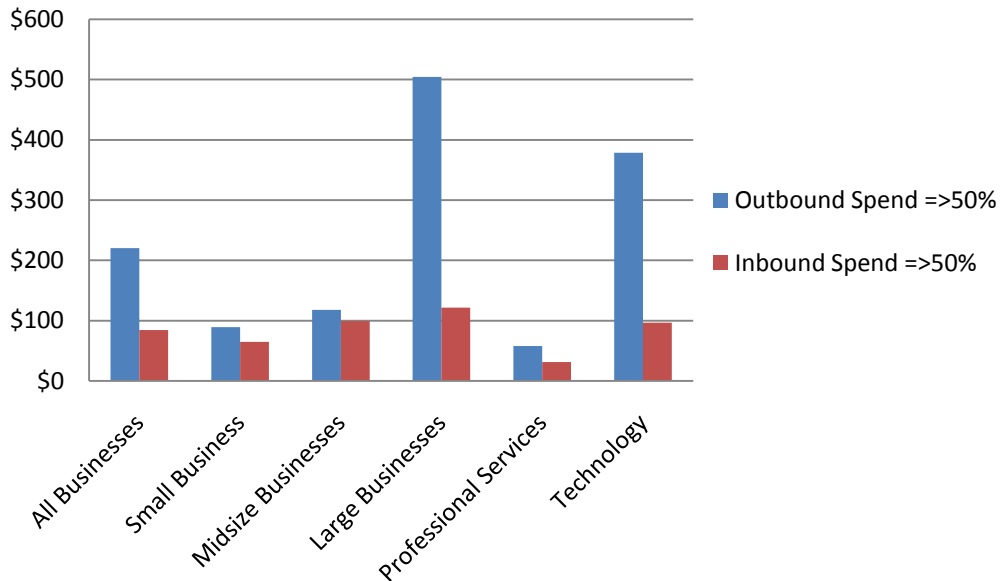
Respondents said they spend 37% of their lead generation budgets on inbound marketing-related techniques. An additional 30% of lead generation budget is dedicated to outbound techniques of direct mail, trade shows and telemarketing. (Note: Email marketing can be leveraged for either inbound or outbound strategies, so we will not classify it in either here).



While respondents reported a fairly balanced budget across these channels on average, individual businesses that focus more on inbound expenditures reported a dramatically lower cost-per-lead than their outbound counterparts. Of respondents that self-reported their cost/lead, those that spend 50% or more of their lead generation budget on inbound marketing averaged \$84, whereas businesses spending 50% or more on outbound marketing averaged \$220 cost/lead.

The inbound marketing cost/lead advantage held true across businesses of all different sizes (small, medium, large) and types (professional services, technology, etc.). Several of these are represented in the chart below.

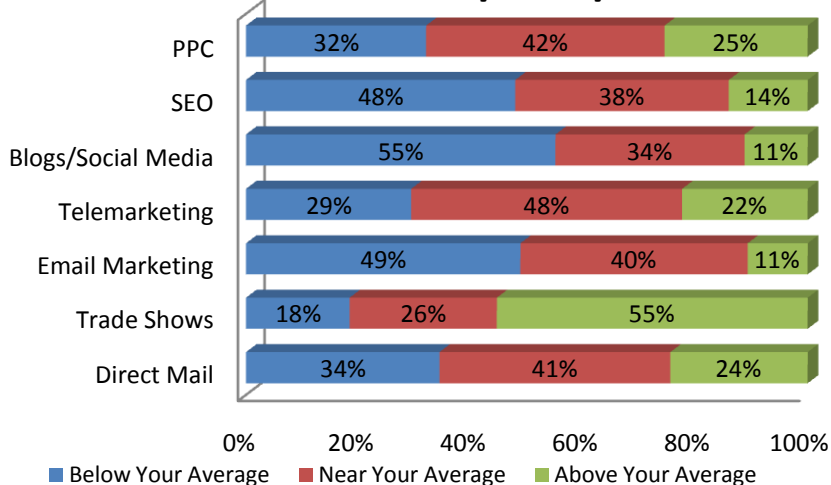
Reported Cost/Lead Segmented by Outbound and Inbound Spend %



Additional survey data suggests that inbound marketing is less expensive than outbound. When asked to rate the relative cost of each lead channel as “below average,” “near your average,” and “above your average,” respondents more frequently cited blogs/social media, email marketing and search engine optimization as “below average.” Consequently, a very small percentage characterized these channels as costing “above average.”

Trade shows were the worst offender of costing “above average” relative to other channels.

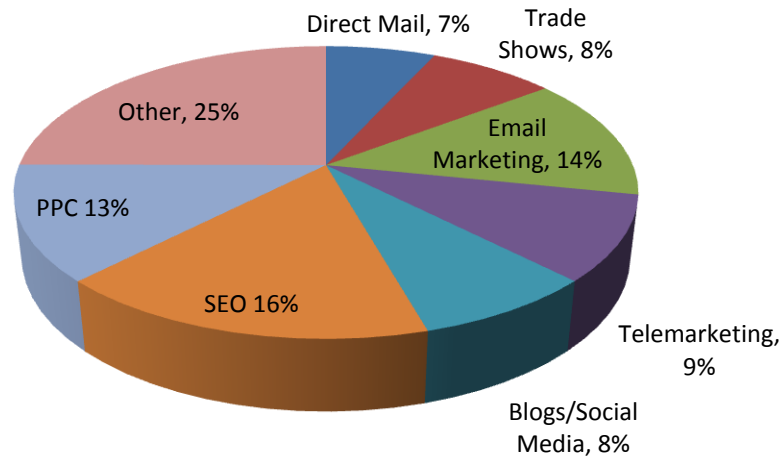
Estimated Relative Cost/Lead/Channel



SEO Drives Disproportionately Higher Percent of Leads

In addition to comparing inbound marketing and outbound marketing from a cost/lead perspective, it is important to understand which channels drive lead volume.

Percent of Leads from Each Source



The data shows that businesses largely receive roughly the same percentage of leads as percentage of budget spent on each channel. The biggest disparity was in the SEO category, where businesses averaged 12% of spend but reported 16% of their leads came from the channel – a 33% difference of spend to actual leads. Combined with the reported lower cost/lead of inbound sources, the study indicates that inbound marketing budget dollars are more efficient than outbound.

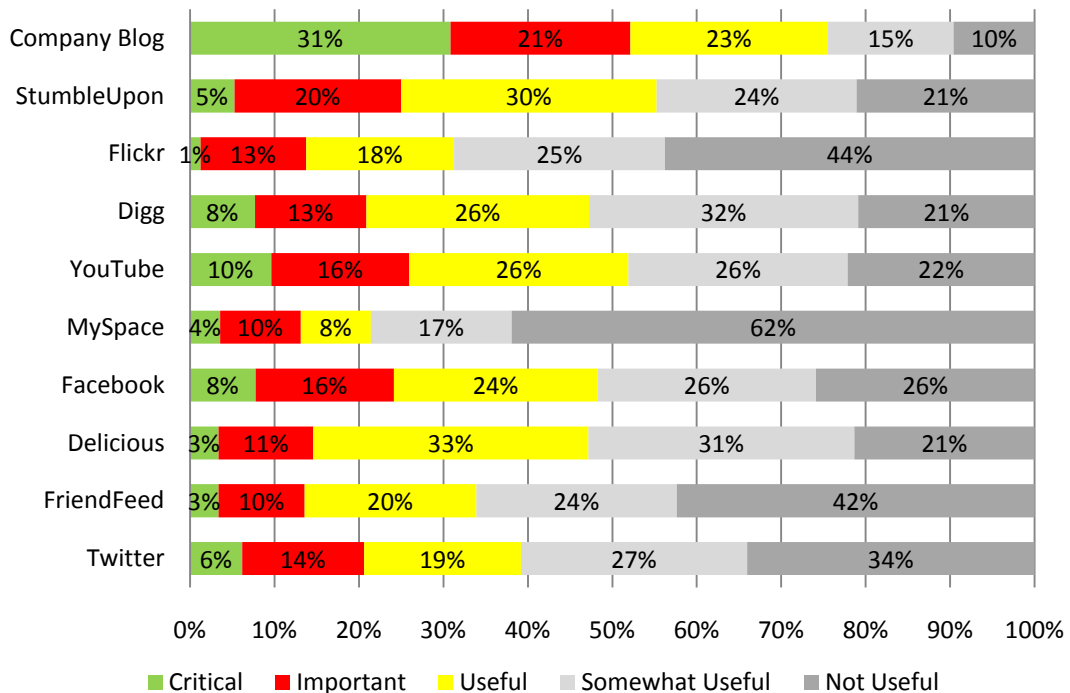
Blogging Leads All Social Media Channels in Importance

While search engine optimization and pay-per-click have been recognized as required lead-generation engines for several years, blogging and social media techniques have not yet reached mainstream status.

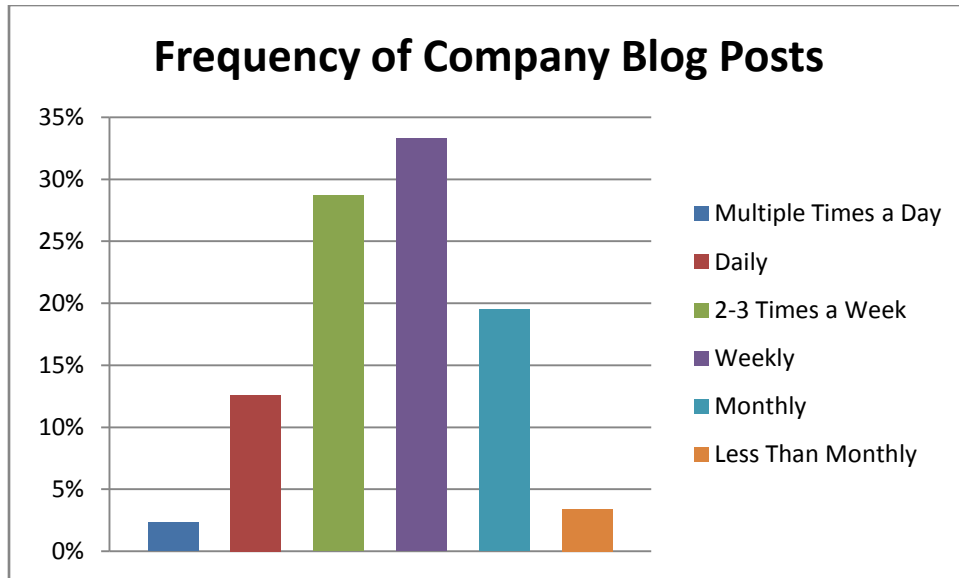
How do businesses currently view these channels of lead sources?

Respondents sent a clear message that blogging is currently viewed as the most 'important' lead generation channel as compared to other social media, with approximately 75% of those that have tried blogging saying it is 'useful' or better. Blogging was followed by StumbleUpon, YouTube, Facebook, Delicious and Digg.

How Important Are These Services to Your Business?



With hundreds of millions of blogs on the Internet, businesses are leveraging this new communications medium to deliver compelling content to their customers. 48 percent of survey respondents say they publish a company blog. More than 3/4 of these company blogs publish content at least weekly. These responses indicate that many corporate bloggers are committing to publishing content at a reasonably consistent rate.



Corporate blogging does encounter challenges. Respondents said their biggest frustration with blogging was “time.” We believe as companies understand the effect blogs are having on sales leads, they will dedicate greater amounts of staff resources to blogging, helping to alleviate such problems. Respondents said they have been publishing their blogs for 10.8 months on average, with a median of 6 months.

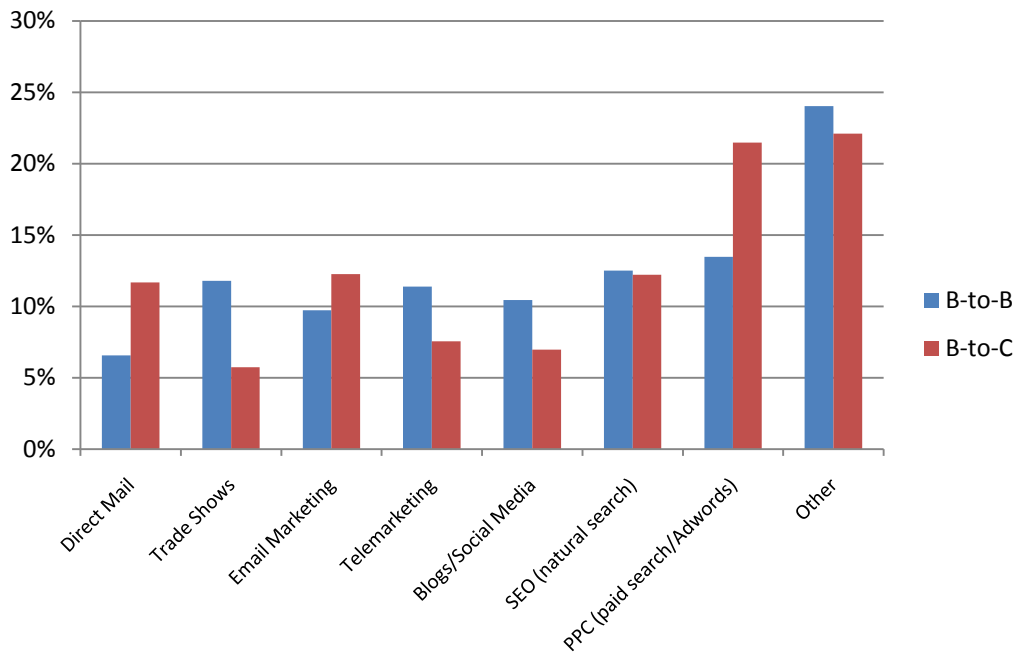
B-to-B vs. B-to-C

B-to-B and B-to-C Businesses Report Similar Budget Allocation

Understanding where business-to-business organizations, as compared to business-to-consumer companies, spend their marketing dollars provides insight into how different types of buyers make purchasing decisions. Companies must carefully answer the question: “How do my customers make purchasing decisions and what are the most effective ways to positively influence them during the process?”

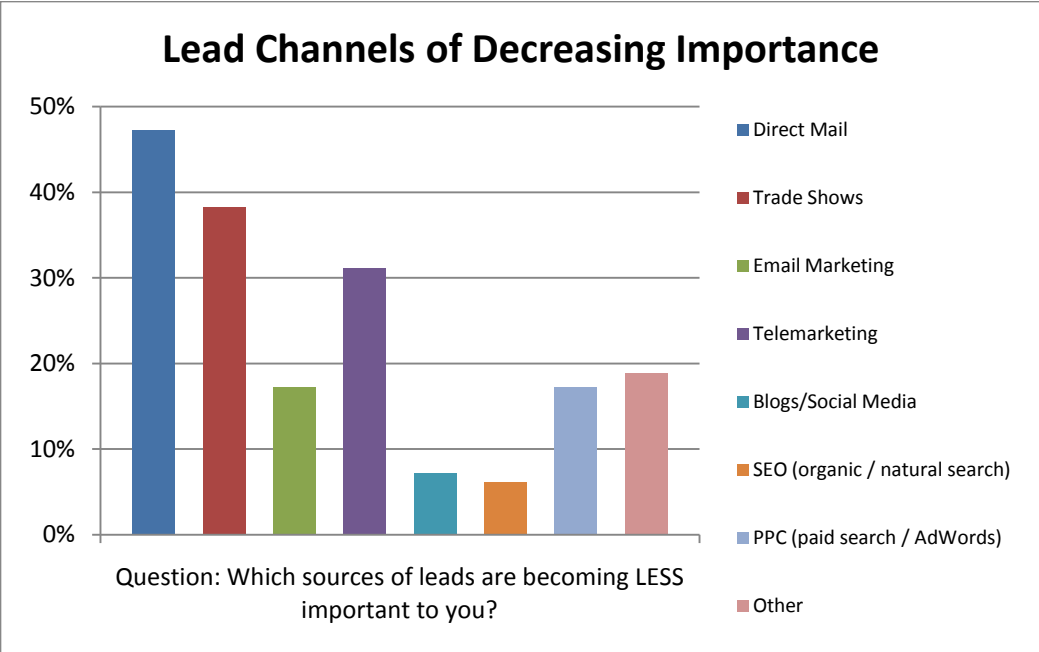
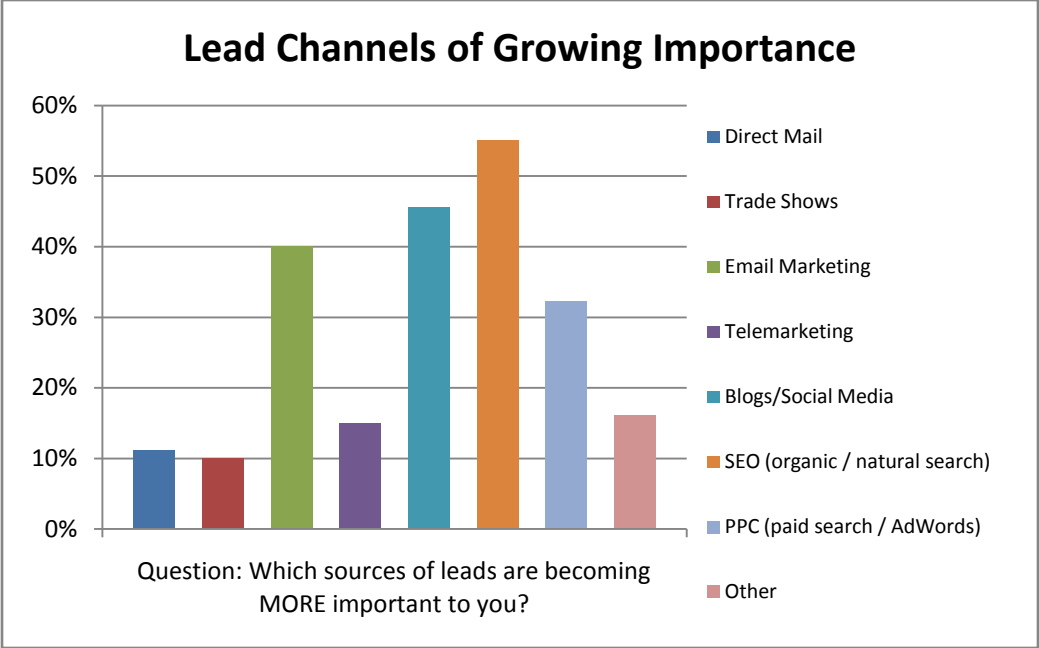
The results of our survey show that the target customer – be it a business or a consumer – does not make a significant difference in how organizations allocate their lead generation budget. Both types of organizations are taking a balanced approach as each increasingly explores the best Internet marketing strategies for their business.

% of Lead Generation Budget Spend



Of all categories, paid search offered the biggest discrepancy of budget allocation, with B-to-C companies spending 75% more on PPC than any other single category. B-to-C companies may tend to rely on paid search more frequently because it is more difficult for them to create differentiated content to reach their target customers – particularly for mass market offerings.

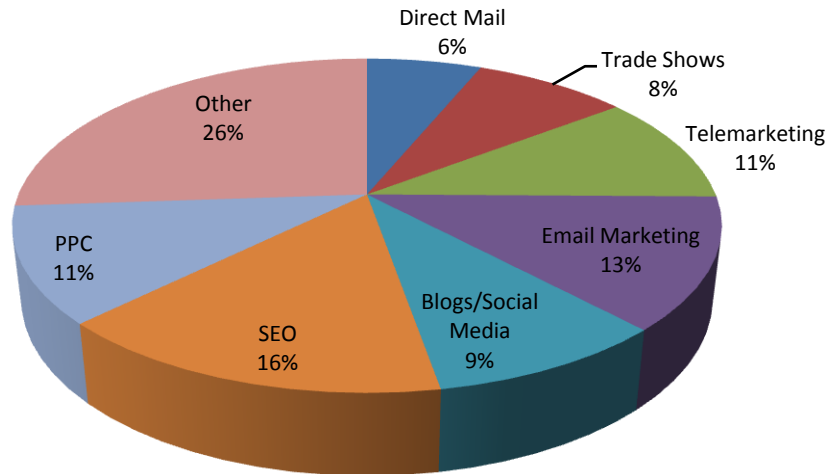
While budgets are currently fairly balanced across lead generation channels, both B-to-B and B-to-C companies say that inbound marketing techniques are becoming “more” important to their businesses. Blogs and SEO are the two channels that respondents most frequently say are of growing importance. On the other hand, direct mail, trade shows and telemarketing are most frequently cited as channels becoming “less” important.



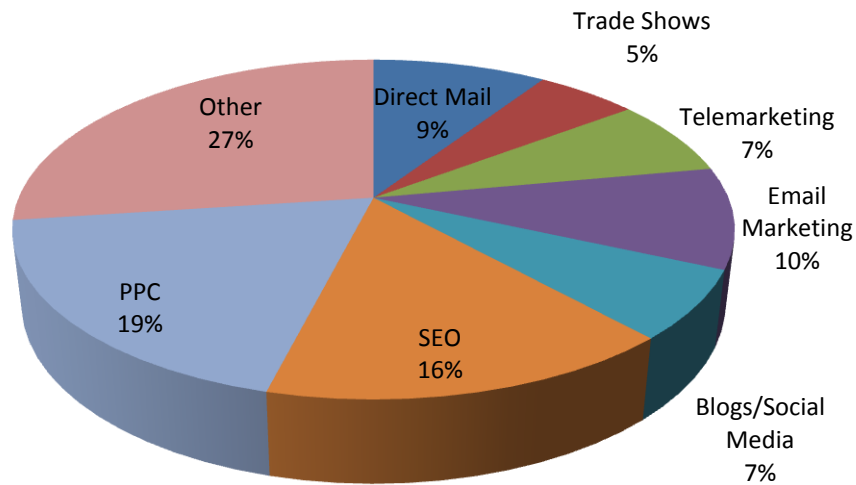
Sales Leads Align with Budget Spend

It is not entirely surprising to assume that the distribution of lead sources mirrors budget spends. This was the case according to respondents. The charts below break down where B-to-B and B-to-C companies indicate their leads come from.

B-to-B: Sources of Leads



B-to-C: Sources of Leads



Note that B-to-B companies receive a higher percentage of SEO leads (16%) than what they spend on the category (13%), whereas they receive a significantly smaller portion of leads from trade shows (7%) than what they actually spend (12%). This suggests that these businesses should consider shifting their lead generation budget to align it with current lead sources.

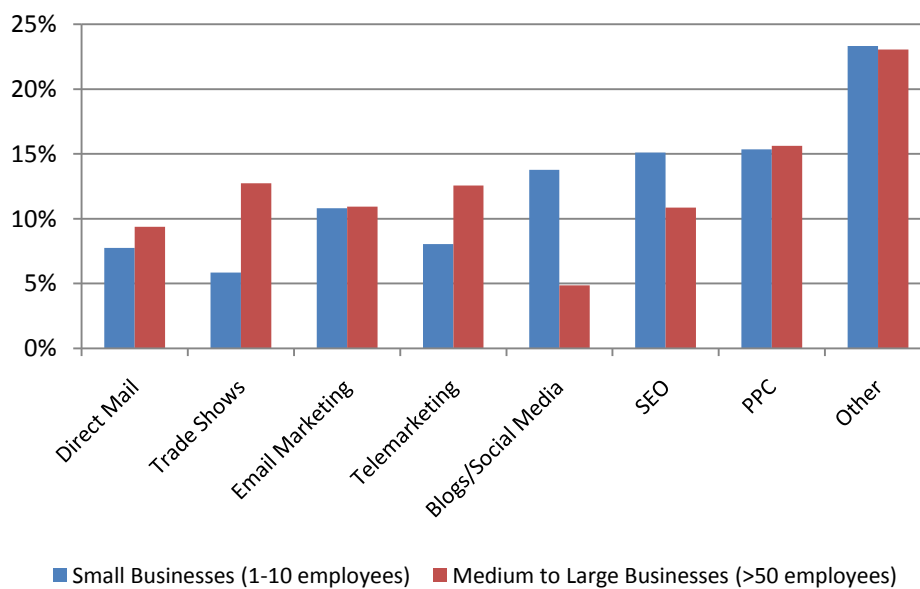
Small Businesses vs. Larg(er) Businesses

Small Businesses Spend More on Blogging and SEO

With techniques that are dramatically more inexpensive, inbound marketing affords small businesses the opportunity to compete with large businesses like never before. Outbound marketing customer acquisition depends largely on the size of a company's budget, whereas inbound marketing more heavily slants towards those businesses with the best products and services and ability to create great content.

Small businesses are capitalizing on this by spending more of their money, time and energy on inbound marketing techniques. In fact, small businesses reported they spend nearly 3X higher percentage of their lead generation budget on blogs and social media than medium-to-large businesses (14% and 5%, respectively). Small businesses also spend relatively more on search engine optimization. These larger businesses tend to allocate a greater percentage of their budget to trade shows, email marketing and direct mail. Other categories show a nearly identical distribution of spend.

% of Lead Generation Budget Spend

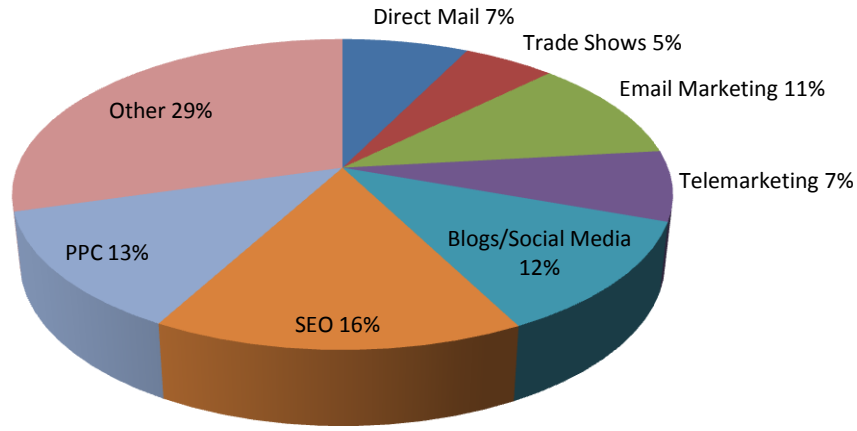


Small Businesses: Analyzing Sources of Sales Leads

Small businesses report that their leads do closely align with their budget spend, with the difference in any one category not more than a few percentage points. We will track changes over time as small businesses become even more efficient at generating and tracking leads from inbound marketing sources. Again, it is notable that small businesses spending more than 50% on inbound marketing reported a lower cost per lead than medium and large businesses.

Distribution of Leads by Channel

*Businesses with 1-10 Employees



Conclusion and Additional Resources

Traditional outbound marketing techniques – including direct mail, print advertising and telemarketing – are becoming less effective. Buyers are not only finding ways to tune these messages out, but more importantly now have the capability to evaluate the products and services they need on their own.

As a result, businesses are transforming their marketing efforts to focus more on inbound programs that allow customers to find them. The State of Inbound Marketing report shows that businesses that more aggressively do this are capturing leads more effectively. Given the digital nature of inbound marketing, the marginal cost per customer acquisition is typically close to zero, meaning that as buyers continue to shift how they make purchasing, the cost/lead for a given business will continue to decrease.

While it is clear that businesses are gravitating towards inbound marketing, some are moving more aggressively than others. Results from next year's report will indicate just how quickly businesses and marketers are shifting to inbound marketing efforts. Those that move first are more likely to reap the tremendous business benefits of this new era of marketing.



Inbound Marketing:
Combine SEO, Blogs & Social Media for Results

If you are interested in learning more about inbound marketing and how to combine blogging, SEO and social media for results, click on the link below.

<http://www.hubspot.com/inbound-marketing-kit/>

Appendix: Online Marketing in Pictures

What are the best and worst marketing moves businesses have made in the past year?

We asked respondents for their top best and worst marketing programs they've executed to drive leads and sales over the past year. Represented below are their answers in a word cloud, which was created with a very cool tool called [Wordle](#). The word cloud sizes words based on how often they are referenced in a given set of information.

The first word cloud represents the best marketing efforts of the past year, respondents frequently cited “blogs,” “SEO,” “websites,” “campaigns” and “social media” in their answers.

Best Marketing Decisions



The second word cloud represents the worst marketing practices in the past year. The biggest words here are “direct mail,” “trade shows,” “email,” and “telemarketing.”

