

# The State of Inbound Marketing 2010



February 2010



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# Introduction

## Summary

This report is based on a survey of 231 professionals involved or familiar with their business' marketing strategy (for more information about the survey please see the appendix). Three of the key takeaways are:

### (1) Inbound Marketing Channels Continue to Deliver Dramatically Lower Cost Per Lead Than Outbound Channels Do

Businesses spending 50% or more of their marketing budget on inbound marketing activities spent **60% less per lead** than businesses spending 50% or more of their marketing budget on outbound channels. This number is remarkably consistent with the 61% lower cost businesses reported a year ago. Clearly, *inbound marketing channels are maintaining their low-cost advantage.*

### (2) Social Media and Blogs Are the Most Rapidly Expanding Category in the Overall Marketing Budget

Social media and blogs are becoming marketing powerhouses. They are the *fastest growing category* in lead generation budgets and they continue to be ranked as the lowest cost lead-generation channel. In addition, more than any other channel, social media was ranked as a source of leads that has become more important in the last six months.

### (3) Businesses Are Generating Real Customers With Social Media and Blogs

Some organizations are still unsure about the utility of social media and blogs. Are potential customers really reading Twitter? Does Facebook do anything more than build brand awareness? The answer is, "Yes"! For Twitter, Facebook, LinkedIn, and company blogs, over 40% of our respondents who use those services for marketing have acquired a customer through each of those channels. Social media is not just for brand awareness; it can be used to directly generate leads that translate into customers.

## Overview of Inbound Marketing

This report is designed to help businesses and marketers 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.

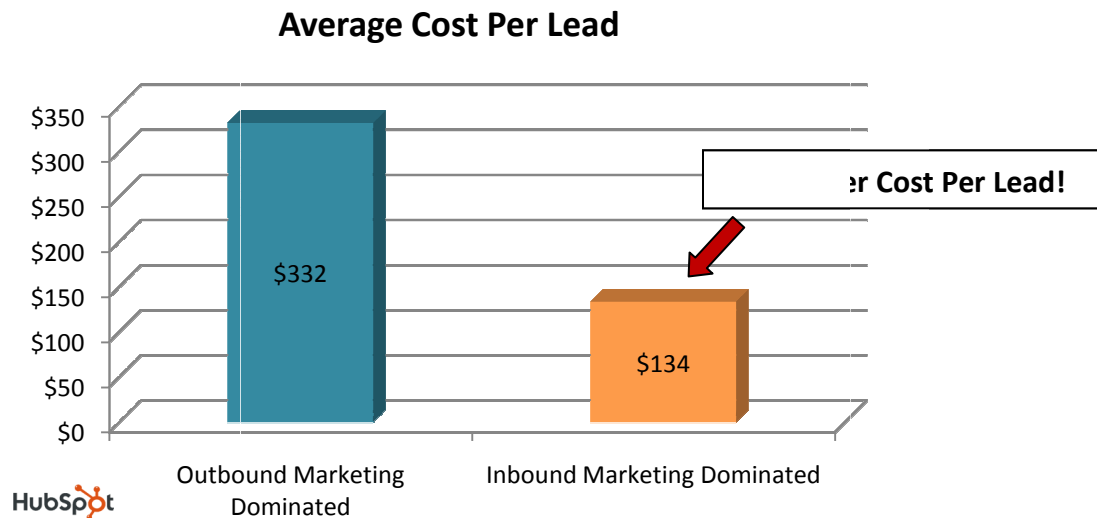
Inbound marketers offer their audiences useful information, tools and resources to attract these people to their site, while also interacting and developing relationships with customers on the web. Inbound marketing tools include blogging, content publishing, search engine optimization, social media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

## The 2010 State of Inbound Marketing

### Inbound Marketing Channels Continue to Deliver Dramatically Lower Cost Per Sales Lead Than Outbound Marketing Channels Do

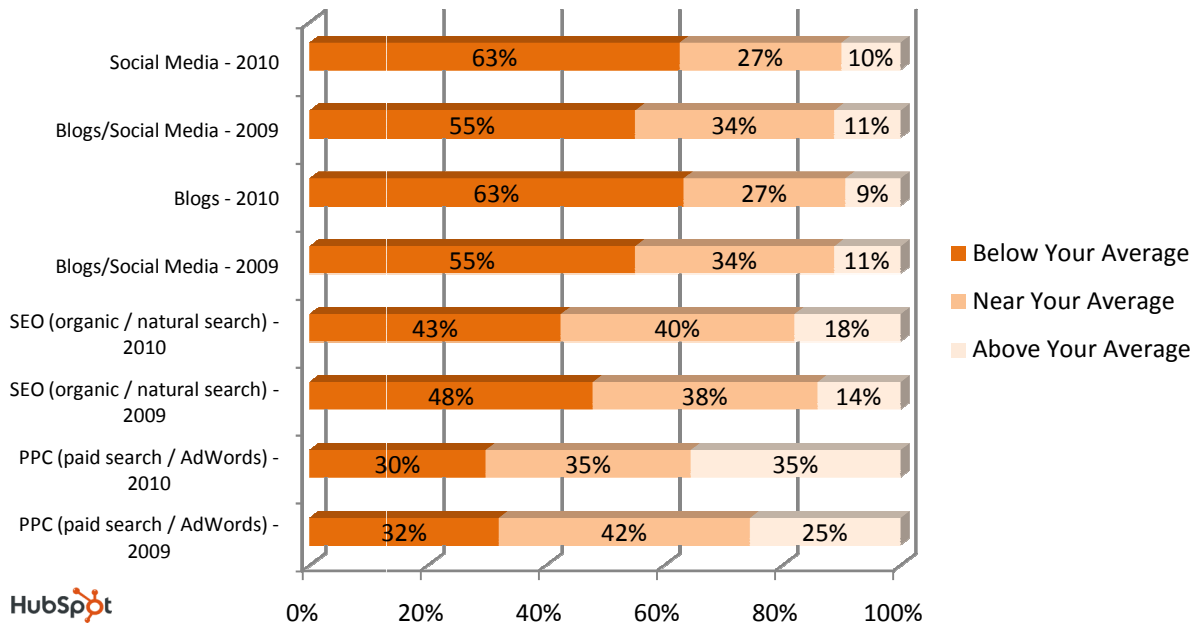
Respondents who spend more than 50% of their lead generation budget on inbound marketing channels report a significantly lower cost per sales lead than those who spend 50% or more their budgets on outbound marketing channels. **Inbound marketing dominated organizations experience a 60% lower cost per lead than outbound marketing dominated organizations.** This continues with **remarkable consistency** the result from the study in 2009 that inbound marketing dominated businesses experienced a 61% lower cost per lead than outbound marketing dominated organizations.



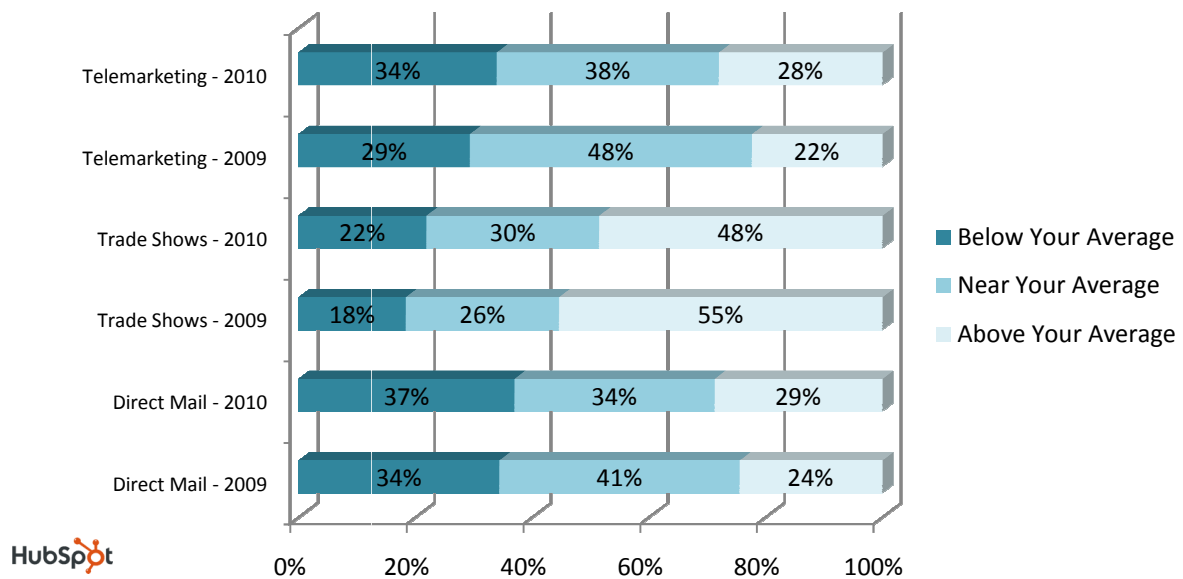
### Three Out of Four Inbound Channels Are Lower Cost Than Any Outbound Channel

Looking at lead generation channels more granularly highlights data consistent with the overall category averages. When asked to rank each lead generation category as “below average cost”, “near average cost”, or “above average cost”, businesses consistently ranked inbound marketing channels as having lower cost than outbound channels (PPC was the only inbound channel that was ranked similarly to outbound channels). **Social media and blogs maintained the slot as the most cost effective** with 63% of respondents estimating the categories as “below average cost” for lead generation.

### Inbound Cost Per Lead Rating - Segmented by Channel



### Outbound Cost Per Lead Rating - Segmented by Channel



## The Gap Widens: Inbound Marketing Budgets Are Increasing While Outbound Marketing Budgets Are Decreasing

Survey respondents were asked what percentage of their lead generation budgets would be spent on each of 9 marketing channels: “direct mail”, “telemarketing”, “trade shows”, “email marketing”, “PPC (paid search / AdWords)”, “SEO (organic / natural search)”, “social media”, “blogs”, and “other”. Those nine channels were grouped as follows (email marketing can be used both as an inbound or outbound marketing tool so it was not classified) :

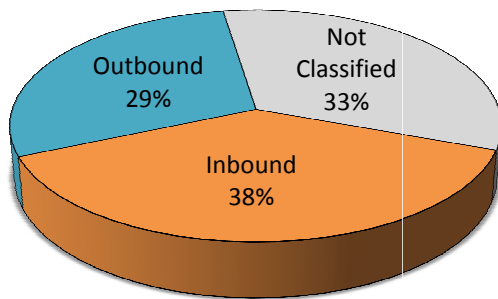
INBOUND CHANNELS
PPC
SEO
Social Media
Blogs

OUTBOUND CHANNELS
Direct Mail
Telemarketing
Trade Shows

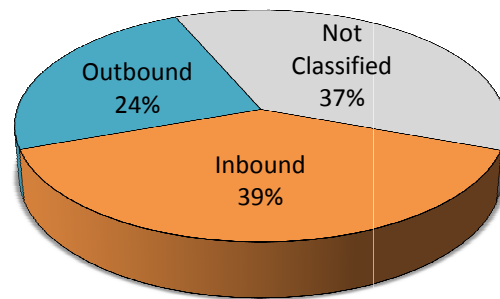
NOT CLASSIFIED
Email Marketing
Other

As a percentage of the overall lead generation budget, inbound marketing expanded slightly from 2009 to 2010 and outbound marketing contracted. **The net effect is that the gap widened from inbound marketing having a 9% greater share of the overall marketing budget in 2009 to a 15% greater share in 2010.**

2009 Lead Generation Budget

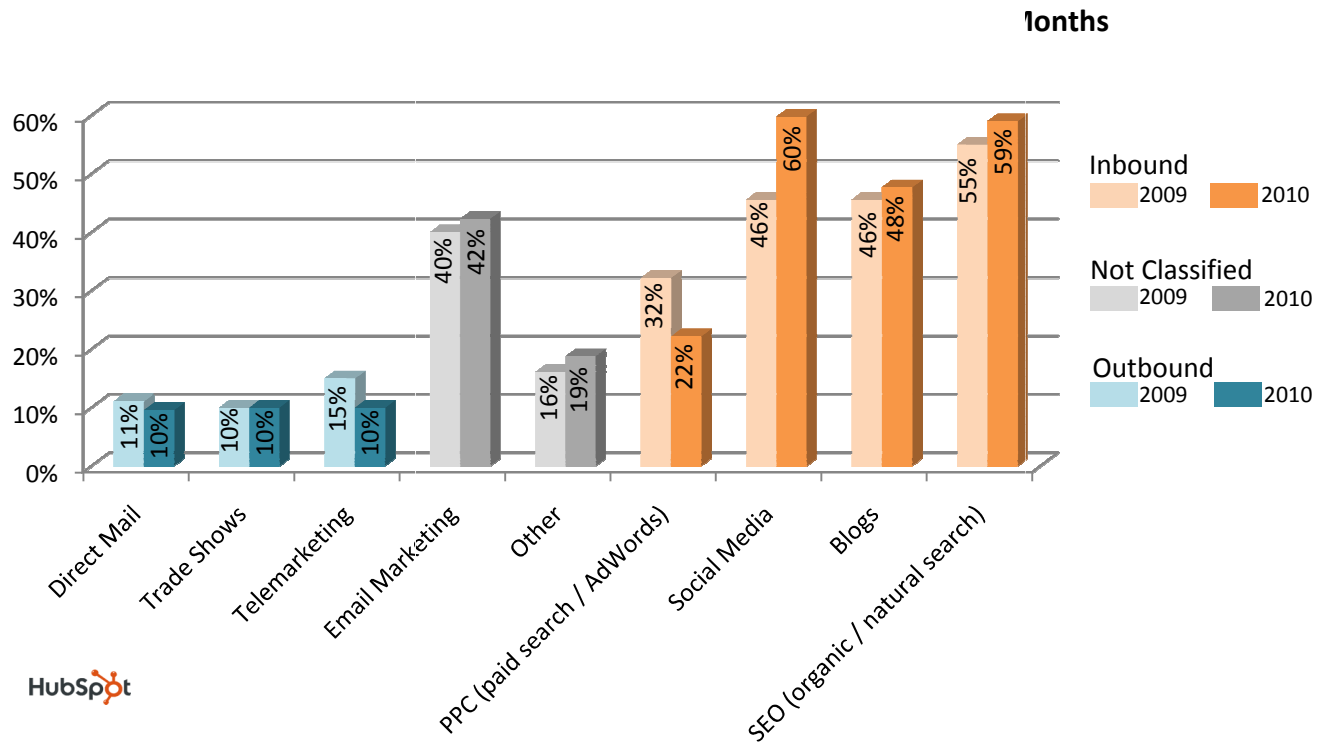


2010 Lead Generation Budget



## Inbound Marketing Channels Continue to Grow in Importance

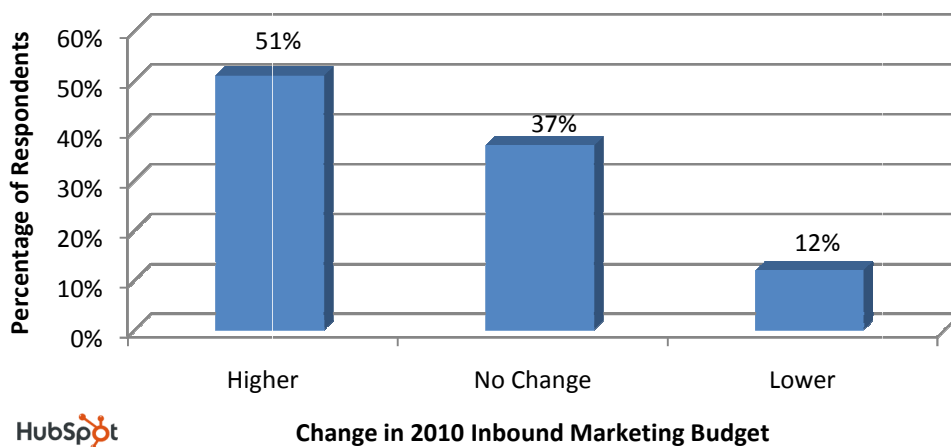
Based on the data regarding lower average costs for inbound marketing, it is not surprising that inbound marketing channels continue to grow in importance. Looking at the last six months, **businesses rate every inbound lead generation channel as being more important than any outbound channel.** This is a continuing trend from 2009. Here, again, social media is the dominant force in terms of gaining importance. Also of note is the fact that Pay-Per-Click (PPC) sources have gone slightly more out of favor than they were last year (perhaps due to tighter marketing budgets). Note that the 2009 survey lumped social media and blogs into one category.



### Inbound Marketing Budgets Are Increasing

Businesses are not just ranking inbound marketing as important, they are also voting with their wallets. The majority of businesses we surveyed are increasing their 2010 inbound marketing budgets from 2009 levels. Fully 88% of those surveyed are either maintaining or increasing their inbound marketing budgets.

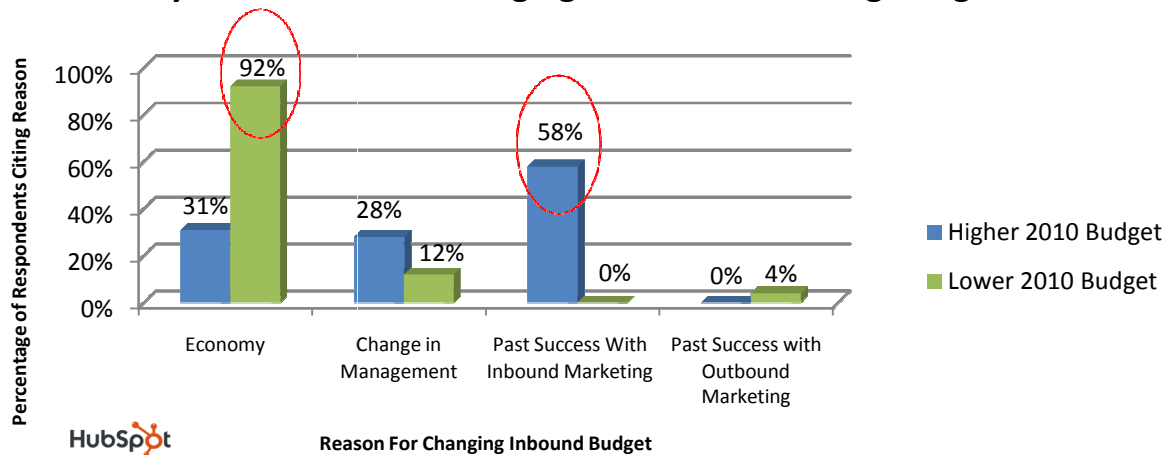
### 2010 Inbound Marketing Budgets Compared to 2009



### Inbound Marketing Budgets Are Going Up Based on Past Success

For respondents who are increasing inbound marketing budgets, the most common reason cited was “past success with inbound marketing”. On the flip side, the small minority of businesses decreasing inbound budgets are doing so almost exclusively due to economic conditions.

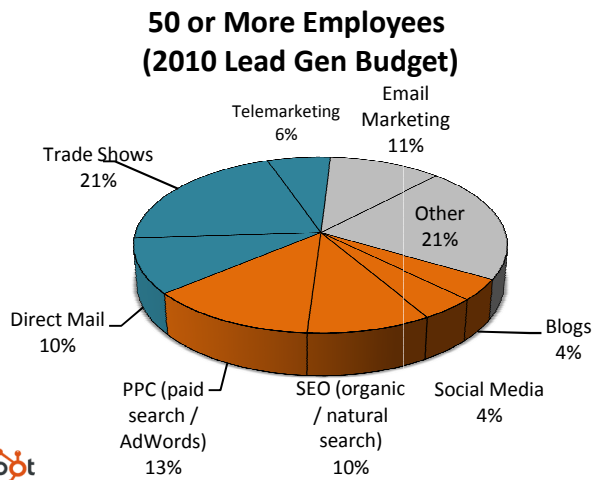
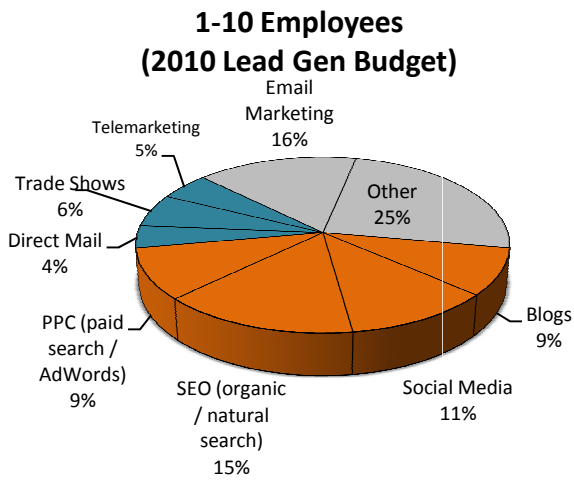
#### Why Businesses Are Changing Inbound Marketing Budgets



### Small Companies Continue to Focus on Inbound Marketing More Than Medium & Large Companies Do

While comparisons between B2B and B2C companies do not reveal major differences between lead generation budgets, company size does play a large role. In a continuation of a trend identified in 2009, small businesses are attempting to level the marketing playing field by focusing on lower cost inbound lead generation techniques. For 2010, small businesses (1-10 employees) plan to spend 44% of their lead generation budgets on inbound marketing while medium & large businesses (50 or more employees) only plan to spend 31% of their lead generation budgets on inbound marketing. Medium & large businesses also plan to spend dramatically more on outbound marketing in general, especially trade shows. Medium & large businesses have allocated 21% of 2010 lead generation budgets to trade shows, whereas small businesses have only allocated 6%.



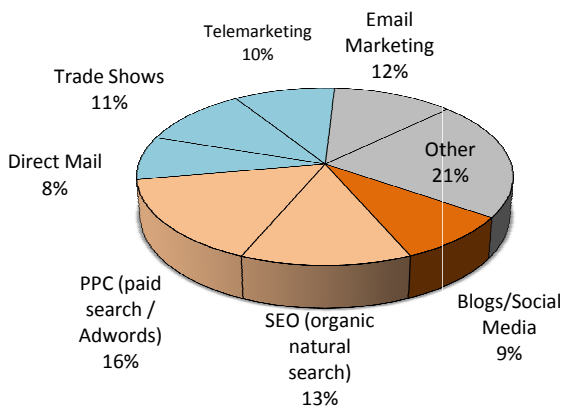


## Blogs and Social Media

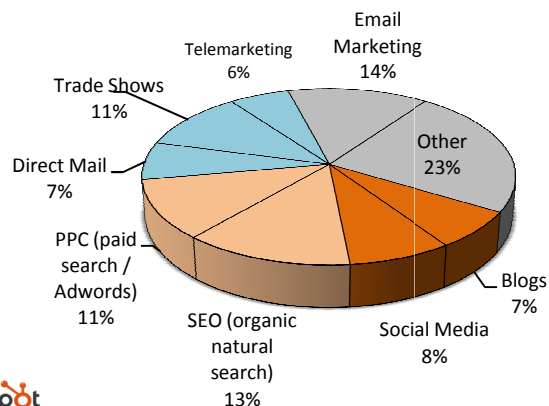
### Fastest Growing Marketing Category Is Blogs/Social Media - Budgets Are Up 67%

Businesses are responding to the marketing success they are experiencing with social media and company blogs by increasing the percentage of lead generation budgets being allocated to the category. In 2009 blogs/social media garnered 9% of the average lead generation budget. For 2010 blogs/social media has been upped to 15% of the average budget; the largest increase of any lead generation category. **61% of respondents reported that they publish a company blog now compared to 48% a year ago.** Also of note is the decrease in both telemarketing (outbound) as well as the paid search (inbound) categories. Again, economic pressures may be reducing budgets in categories that have direct costs.

### 2009 Lead Generation Budget



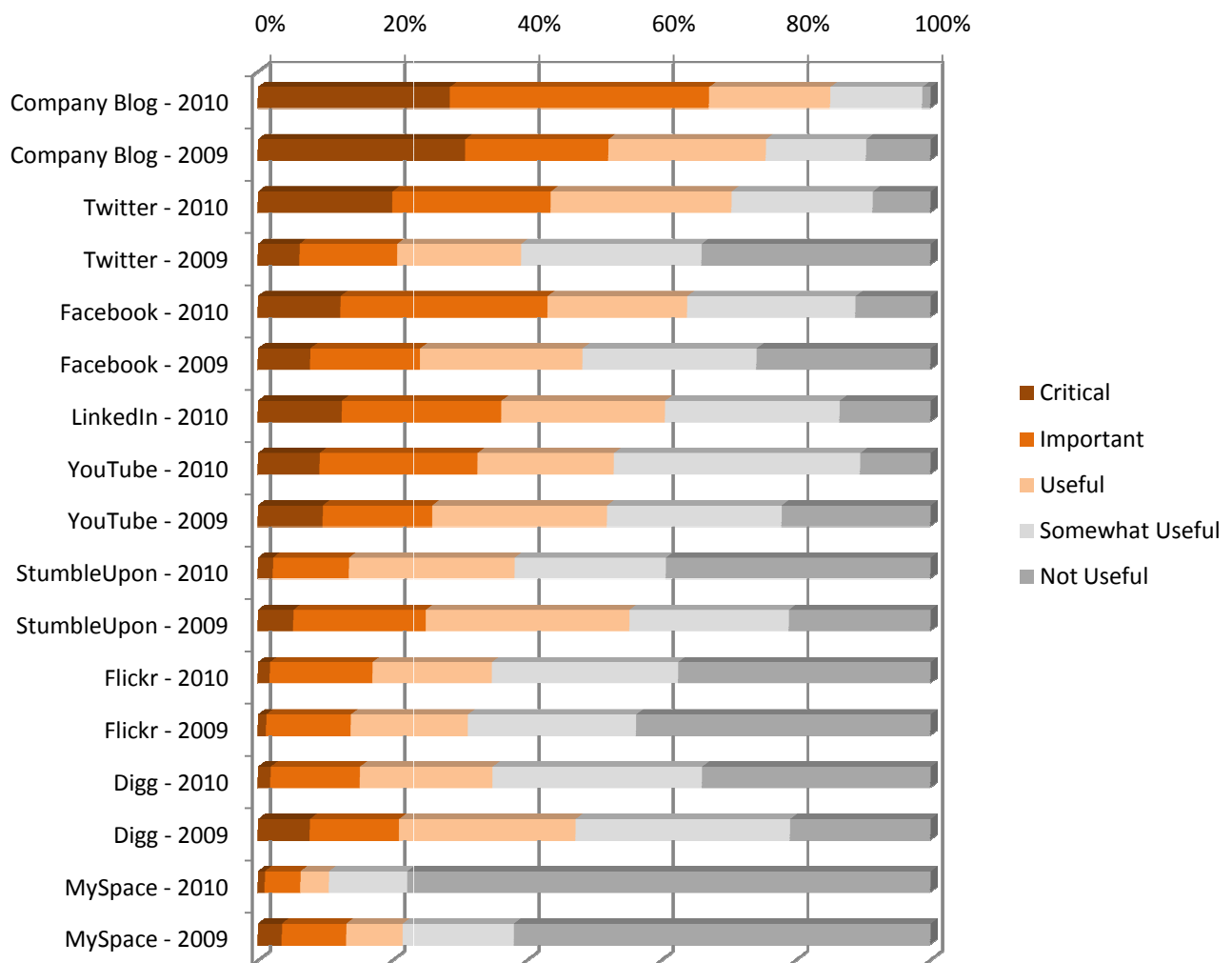
### 2010 Lead Generation Budget



### Blogs Remain Most Important Social Media Channel

Looking at services that users ranked as “critical”, “important”, or “useful”, company blogs took the top spot for a second year in a row. Increasing in importance from 2009, **fully 85% of users rated company blogs as “useful” or better in 2010. Twitter moved into the second spot with an astonishing gain** from 39% of users rating it as “useful” or better in 2009 to 71% of users rating it as “useful” or better in 2010. Facebook also increased in importance to users, while StumbleUpon and Digg both had substantial drops in importance. Finally, MySpace has virtually fallen off the radar with only 10% of users deeming the site “useful” or better.

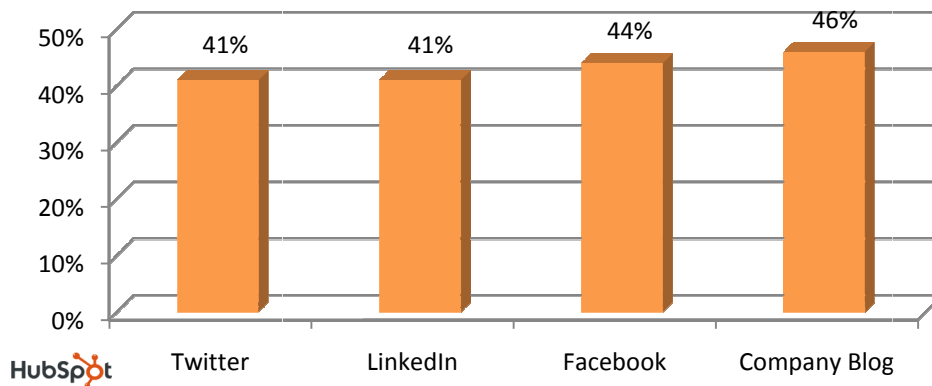
**How Important Are These Services to Your Business?  
(2010 vs. 2009)**



### Social Media and Blogs Generate Real Customers

The use of social media and company blogs as marketing tools gets your company better brand exposure, but it also generates leads that result in real customer acquisition. **41% of companies who use Twitter for marketing have acquired a customer from a Twitter generated lead. 41% of companies using LinkedIn for marketing have acquired a customer from that lead generation source. 43% of companies using Facebook have acquired a customer and 46% of those using company blogs have acquired a customer from a blog generated lead.**

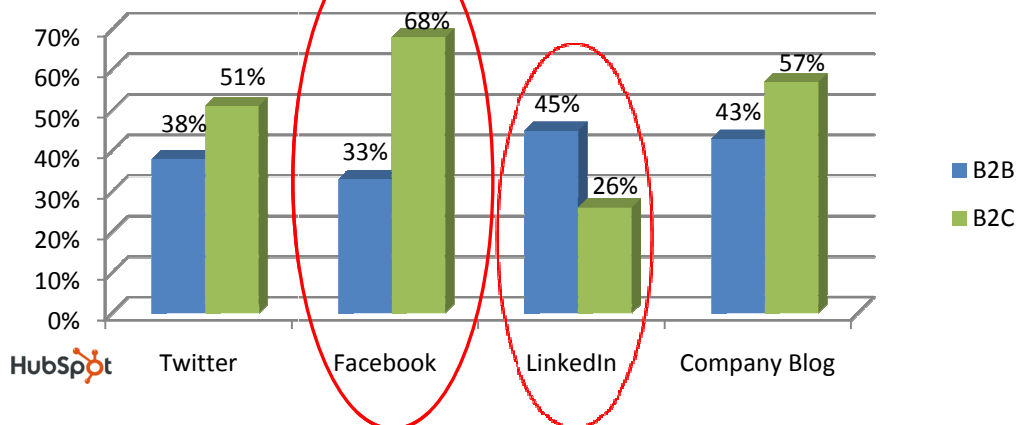
Percentage of Companies Using Specific Social Media Channels and/or Blogs Who Have Acquired a Customer From That Channel



### Facebook Is More Effective for B2C; LinkedIn Is More Effective for B2B

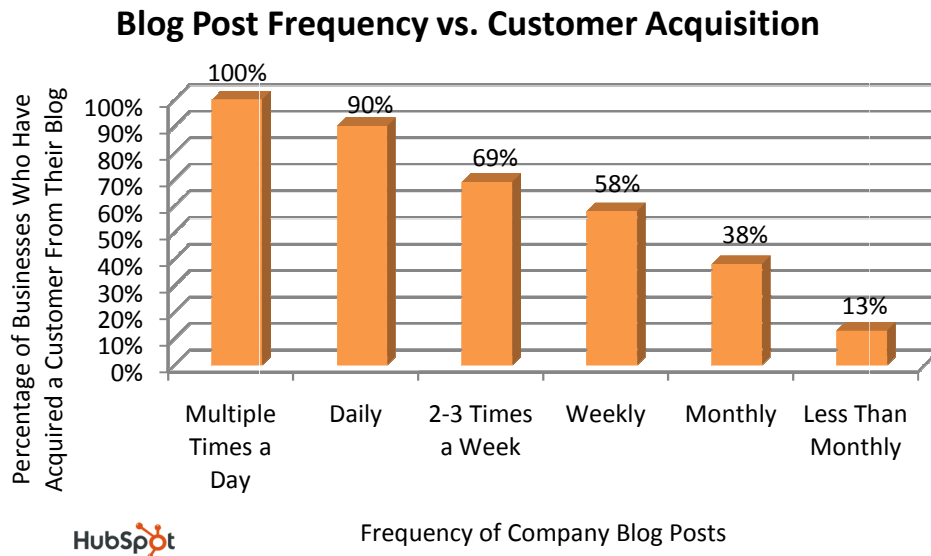
The effectiveness of a particular social media channel depends upon the type of business. While both B2B and B2C companies are able to acquire customers through any of the four channels surveyed, Facebook is clearly more effective for B2C businesses and LinkedIn is clearly more effective for B2B businesses.

Percentage of Companies Using Specific Social Media Channels and/or Blogs Who Have Acquired a Customer From That Channel



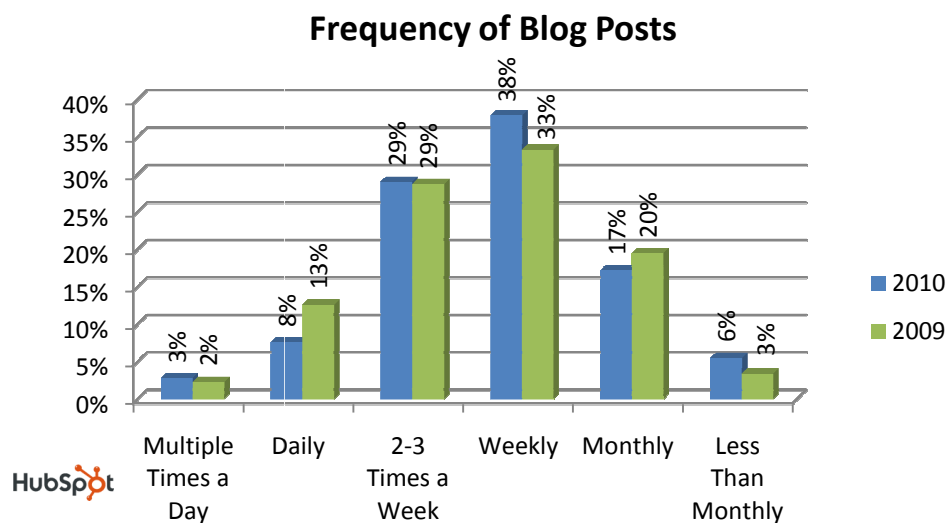
### Customer Acquisition Through Blogs is Directly Related to Frequency of Posts

An underutilized blog means customers are being left on the table. The survey this year shows a direct correlation between blog post frequency and the chance that a company has acquired a customer through that channel.



### Blog Post Frequency Relatively Steady

Despite the evidence showing that increased blogging correlates with increased customer acquisition, blogging frequency remained relatively steady between 2009 and 2010. Weekly blogging is still the most common update frequency.



## 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 they 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. Those that move first are more likely to reap the tremendous business benefits of this new era of marketing.

**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/>



## Respondent Profiles

The State of Inbound Marketing report is based on a survey issued in early 2010. The survey was completed by 231 professionals involved or familiar with their business' marketing strategy. These professionals included marketers, business owners, entrepreneurs, executives and salespeople in businesses of all sizes. 69% of these professionals worked in business-to-business companies and the range of industries varied greatly. Industries represented in the sample included industries as diverse as real estate, higher education, healthcare /pharmaceutical, and retail/wholesale. The largest two categories of respondents were professional services/consulting at 22% and technology (software/biotech) at 15%.

## Sample Questions Asked

The survey was designed to provide meaningful comparisons between the results of the survey conducted a year ago and the current survey. To deliver on that goal, most survey questions were the same as in the previous survey. 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:
  - o What percent of your sales leads come from each of your lead channels?
  - o What percent of your lead generation budget do you spend on each of your lead channels?
  - o Estimate the cost-per-lead for each of your lead channels.
- Trends in 'importance' and 'usefulness' of marketing channels and leads, including
  - o Which sources of leads have become MORE important to you over last six months?
  - o Which sources of leads have become LESS important to you over last six months?
  - o How useful are social media sources to your business?
- Focus on blogs and social media
  - o Do you publish a blog?
  - o How often do you publish a post?
  - o Have you ever acquired a customer from the following social media / blog channels?