

The Business Case for Integrated Demand Generation

**How B2B Marketers Deliver Measurable Results –
Elevating Their Companies and Their Careers**

Executive Summary

Imagine you've been asked to give a Board of Directors presentation clearly explaining marketing's impact under your leadership. It's painfully clear that your job – and reputation – are now at stake. You could win them over... or you could lose their confidence. Can you make a persuasive case that your marketing investments are paying off?

As competition intensifies and growth expectations increase, B2B marketers are under pressure to deliver measurable results and clearly demonstrate the value they provide. To succeed in this new era of accountability, marketers must consistently reach the right people through the right channels with the right message. Those targets must convert to sales leads, pipeline and revenue with some degree of predictability.

Most marketers did not enter their profession to analyze data and build process. They want to develop strong brands, build creative campaigns and deliver compelling content. The new requirement for marketing analytics and automation – the “plumbing” supporting truly innovative marketing ideas – is no longer a ‘nice to have’. Measurement is not simply about revenue justification; it is the means by which great marketers can irrefutably demonstrate their skills.

This has led to the rise of the integrated demand generation platform – a system of record for planning, executing and measuring multi-channel campaigns. With this solution, marketers are not just communicating to prospects. They are closely monitoring and reacting to the implicit buying signals in prospect's response to marketing messages – like web site visits, event registrations or content downloads – to systematically drive the sales cycle.

This white paper presents the business case for automating marketing in a truly integrated fashion

By integrating and automating the steps in the demand chain, the marketers in this white paper have realized significant competitive advantages:

- **16.5%** higher campaign response rates and conversion rates
- **50%** decrease in time to execute campaigns
- **100%** increase in number of campaigns
- **85%** decrease in cost per lead
- **18%** higher revenue
- **9.3%** higher sales quota achievement and **7%** higher win rates
- **100%** increase in deal size

The Most Pressing Issues Facing B2B Marketers

B2B marketing is in a state of transformation. Just as CEOs and CFOs are held accountable for the accuracy of their public financial statements, Chief Marketing Officers (CMOs) are now also being held accountable for the dollars they spend. When they cannot demonstrate marketing ROI, the consequences can be swift and severe. Indeed, the average tenure of top CMOs is now less than 23 months.¹

The growing emphasis on accountability presents some very critical and demanding challenges for B2B marketing organizations to overcome:

1. Reaching the right prospects in a relevant and effective way.

Almost two thirds of B2B marketers agree that engaging key decision-makers is their top challenge, according to Forrester Research.² But they can't engage in an effective dialogue if they lack understanding of a prospective customer's priorities and preferences. Unfortunately, critical customer data is often locked in silos throughout the organization. It must be unlocked and integrated in order to engage prospects in a relevant way, earn their trust and build relationships.

Consider one B2B marketer's insight into the linkage between relevant data and relevant communications:

“ We'll do follow-up e-mails thanking them for coming to the event, or send them a white paper. If they click on the white paper, we may ask them if they'd like to see a demo. If they watch the demo, we could have a sales rep call them. We'll say right away, 'Can we help you?' and they may say yes or no. But when they're ready to buy, we're back there right away. And I think that's how customers want to buy, to be helped through the buying process, but not be badgered. ” – **CMO, SourceFire**

2. Generating and managing qualified leads.

The sales funnel is fueled by leads. It depends on a cascade of conversions that must be managed effectively to generate business: from inquiry to lead to qualified lead to opportunity to sale. Yet, too few companies have defined, documented and agreed-upon marketing and sales processes. The result? Constant mistrust between sales and marketing units – and a failure to build a strong pipeline of opportunities.

The competitive consequences of such problems are all too clear. According to research conducted by CSO Insights,³ companies with mature, defined lead generation and management practices have a **9.3% percent higher sales quota achievement rate** than companies that do not, a **16.5% percent higher conversion rate** of leads to first calls and a **7% higher sales win rate**. In other words, marketing can significantly and measurably drive sales results by rigorously managing the entire demand generation process.

3. Measuring the impact and demonstrating the business value of marketing.

Fifty-three percent of B2B marketers report that measuring results is a key issue, according to Forrester Research.² Without credible measurement, performance improvement remains out of reach and marketing's true impact remains in question.

Compounding this problem, marketers too often make the mistake of reporting the wrong numbers. For example, marketers who use e-mail develop very interesting e-mail response data. But measuring one channel in isolation is misleading. Not only are e-mail metrics such as opens and click-throughs irrelevant indicators of revenue generation, they fail to quantify the degree of influence a single touch has in the context of a long, multi-stage, considered purchase. Marketers need a comprehensive, comparative and integrated view of performance across channels if they are to accurately and effectively measure performance.

4. Automating marketing processes.

Due to the creative nature of marketing, personnel often accounts for the majority of B2B marketing budgets. To fully stretch precious program funds and achieve scale, successful campaigns must be automated – especially in high growth companies that must continuously acquire new customers.

Visionary marketers are relying on marketing automation to establish consistency and predictability. They are improving lead management with programs for nurturing and scoring leads, managing events, up-selling and cross-selling additional offerings.

As a result, they are outperforming their peers, according to a recent study by Forrester Research:⁴

- **Sales act on more leads.** **46%** of marketers at firms with mature lead management processes have sales teams that follow up on more than **75%** of marketing-generated leads.
- **Sales act quicker.** **41%** of marketers report a one to three day lapse between lead generation and sales follow up. On average, only **10%** of marketers say that sales follow up with leads within one day. Yet **25%** of marketers that adopt mature lead management practices report that the sales team routinely contacts the prospect within one day.
- **Sales close more deals.** On average, **47%** of B2B marketers say they close fewer than **4%** of all marketing-generated leads or do not even track this metric. But the percentage of leads that result in revenue climbs steadily as firms' lead management processes mature **35%** of mature firms say they close 10% or more leads.

The Solution:

Integrated Demand Generation

To drive marketing performance to new levels, B2B marketers have begun to embrace the concept of integrated demand generation and acquire the marketing knowledge and skills necessary to maximize their investments in underlying platform technologies. Unlike point solutions that enhance marketing in an individual channel, integrated demand generation platforms integrate and synchronize the whole spectrum of offline and online marketing channels, including email, direct mail, advertising, the Web, call centers, trade shows, partners and the sales force.

An integrated demand generation platform can be defined as the system of record for marketers who are responsible for producing qualified leads and enabling the sales force to execute in the field. It should include:

- A central repository of prospect and customer profile information that aggregates and manages individual prospects behaviors, activities and interests;
- Tools that enable marketers to automatically pull, segment and refine lists and execute campaigns across online and offline channels;
- Comprehensive reporting and analytics for measuring campaign results and performance;
- Process automation capabilities that allow marketers to define and continuously execute a broad range of key marketing processes;
- Integration with other key systems for marketing and sales enablement including SFA (sales force automation) and CRM.

The integration of rich data and multiple channels is critical. Marketing research demonstrates that messages are reinforced and responses are amplified when prospects are reached through multiple media over time. Marketers are likely to have far better results, in other words, if they can reach their prospect with an e-mail, a phone call and a piece of direct mail than if they simply send three e-mail messages. The broader the platform, the more channels there are to help marketers execute campaigns that achieve a “swarm” effect: conversing with prospects across varying media to produce a desired behavior or outcome.

Such platforms are not “turnkey” solutions. They require marketing and sales teams to develop a common definition and understanding of key business processes. Thus a platform must be supported by an experienced vendor that provides strategic guidance, relevant insights and best practices to help customers fully leverage the power of the solution.

The Benefits of Integrated Demand Generation

Companies that implement and capitalize on integrated demand generation platforms can expect to realize several key payoffs. **They will:**

Optimize marketing spend.

Through comparative analysis across channels and campaigns, marketers can experiment with different approaches to determine which actions deliver the best return on investment.

Marketing by the numbers. NetSimplicity, an Eloqua customer that produces office administration software, relies on search engine marketing (SEM) and pay-per-click advertising as critical components of its demand creation efforts. But the marketing team could not track which keywords were used by which prospects at what cost, making it impossible to optimize program results and ROI.

By deploying Eloqua's demand generation platform integrated with NetSimplicity's sales force automation system, the team was able to log and capture specific keywords used by sales prospects early on in the marketing process and how these activities combined with other marketing campaigns to drive the sales cycle. NetSimplicity now has a formula for determining which keywords to bid at what cost in order to optimize deal flow and program ROI. This has helped the company achieve the following successes in the past year:

- Increased leads by **129%**
- Increased sales by **65%**
- Decreased cost per lead by **44%**

Target and reach the right prospects in the right way.

With powerful capabilities for segmenting and profiling customers based not only on demographic information, but on their interests and actual behaviors, marketers can identify the right prospects for their campaigns – and the right messages for their prospects. They can, for instance, identify which customers have recently visited a web page, downloaded a white paper or attended an event that indicates an interest in a particular product or service.

Marketing by the numbers. Forrester Research recently profiled Inquire's lead development system that drives more than 80% of the deals closed by its field sales team. Eloqua's software helps this maker of intelligent search software gather implicit data – like site visits to high-value content (versus visits to the career page), search engine click-throughs, and registration form submissions – and learn how prospect activity is a better predictor of future lead closure than firmographic criteria like company revenue, industry or contact title.

As a result:

“Inside sales staff members use customer response data and problem-solving conversations instead of scripts to engage potential buyers. The result? **The firm doubled the number of qualified prospects it sends to sales without increasing the number of inside reps ...** Inside sales reps [also] work leads that respond by engaging them in solution-specific conversations that leave prospects thinking, ‘Gee, this company really understands my needs.’”

Score leads using implicit behavioral data to drive sales.

Once marketers can pinpoint the stages of a lead’s development, they can score leads according to those actions and responses that indicate their “sales-readiness.” Lead scoring is a highly effective way to keep expensive sales teams focused on the best leads while increasing their win rates and opportunity value.

Marketing by the numbers. Postini, a provider of on-demand communications security solutions, automates their lead scoring based on prospect behavior. By aligning their calling against these ‘interest scores’, Postini’s Mid-Market sales team has doubled its productivity. A telesales rep working off a list of leads ranked by their positive responses to campaigns can uncover twice as many revenue opportunities as from straight cold calling. Similarly, in a study of 10 B2B organizations using lead scoring systems, Eloqua found that, on average, **deal close rates increased by 30%, company revenue increased by 18% and the revenue per deal increased by 17%.**

Metrics	Before Lead Scoring	After Lead Scoring	% Change
Opportunity Close Rate	31%	41%	30%
Revenue Per Company	\$16,842,950	\$19,843,545	18%
Revenue Per Deal	\$39,149	\$45,863	17%

Nurture leads to cultivate buyer interest over time.

“Drip marketing” programs can consist of educational material, newsletters, white papers, case studies, invitations to events – any series of regular communication that keeps your company name top of mind among leads. Automated lead nurturing campaigns serve to “plug the hole” in the lead management process when less qualified leads are handed off to sales and quickly fall out of the funnel.

Marketing by the numbers. Voxify, a provider of speech automation systems for customer call centers, uses a series of industry-specific, multi-touch nurturing programs to increase prospect interest over time while sales reps focus on the most immediate opportunities. Using 26 separate industry and education email campaigns targeted at leads previously labeled as cold, the company has logged **a startling 1,592 responses** (click-thrus and website visits) and **has compelled more than 400 companies to re-engage** in the sales process.

Measure and report results in a credible fashion.

In an era of accountability, an integrated platform enables marketers to stay on top of their progress and results. Reporting and dash-boarding tools enable them to produce clear and compelling evidence of their impact.

Marketing by the numbers. Using an integrated demand generation platform, marketers at Pavilion Technologies were able to demonstrate in clear-cut terms how marketing has contributed to the company’s business objectives in fiscal year 2006:



- **25%** increase in marketing programs in one year
- **600%** increase in qualified leads in one year
- **1000%** increase in **sales validated pipeline** within three years
- **100% year-over-year increase in licence revenue growth**

Says Pavilion's CMO Matt Tormollen: “In addition to generating more qualified sales leads for our organization, Eloqua has helped us build a truly accountable marketing organization. In today's business environment, this is a critical part of being visible at the executive level. Now we can easily see the impact and results of every campaign, quantifiably and qualitatively. We know where to spend our resources to yield the highest return on our investments.”

Increase sales cycle velocity.

It's critical to be able to reduce the length of the sales cycle and accelerate the revenue generation process. Advanced lead generation, tracking and reporting enables sales to concentrate its energy and resources on efforts that produce the highest impact and the best results.

Marketing by the numbers. Administaff, a recognized Professional Employer Organization, automated the creation and delivery of customized emails and digital collateral and generated a response rate well above initial expectations. In addition to rapid growth in its opt-in newsletter subscriber list, Administaff has increased marketing efficiency and accelerated the sales cycle. In the first year of its efforts, Administaff sold approximately **20% more business** from marketing-generated leads and increased the sales closure rates on its integrated marketing programs **by 100%**.

Define, automate and scale marketing processes.

Having identified successful marketing approaches and campaigns, marketers can scale up their efforts – applying them to a wider base of prospects or an added number of products or both. They can leverage workflow automation techniques to produce more results with less effort.

Marketing by the numbers. Sybase, a top provider of database management and mobile solutions, recently completed the global deployment of their integrated demand generation platform. The system enables disparate marketing organizations across 22 global regions to plan, execute, measure and automate diverse field marketing campaigns using a common set of standards and processes. The company's focus on automation has resulted in significant increases in productivity and efficiency. In one year, the company has:

- Increased the number of marketing campaigns by **100%**
- Reduced time to execute campaigns by **50%**
- Decreased cost to convert leads by **85%**
- Increased size of marketing database by **50%**, and
- Boosted online event attendance by **50%**.

Align marketing with sales.

Now marketing can provision sales with relevant and actionable information in real-time. Moreover, marketing and sales have clear visibility into the processes of demand generation and sales conversion. This enables them to put their attention where it belongs – on performance.

Marketing by the numbers. For organizations with longer sales cycles and higher price-point solutions, process alignment is critical to sales performance. For example, Eloqua recently conducted an audit of 63 sales opportunities with one client to determine the difference in opportunity size between deals that were the target of marketing campaigns while in the sales pipeline versus those opportunities that sales team shielded from further marketing campaigns. The delta in average selling price of several hundred thousand dollars was striking, suggesting that marketing can dramatically increase deal size when it is properly aligned with sales:

	Average Tracked Marketing Response Per Company	Average Opportunity Size
Opportunities Influenced by Marketing	22.0	\$353,000
Opportunities Not Influenced by Marketing	5.4	\$70,500
Delta		\$282,500

Success Criteria: What to Look for in a Solution

When examining an investment in an integrated demand generation solution, **consider the following decision criteria:**

Truly integrated platform.

Ensure the solution you choose is capable of integrating data across the entire spectrum of channels including e-mail, direct mail, Web, call centre, trade shows, partners and sales force.

Web centric.

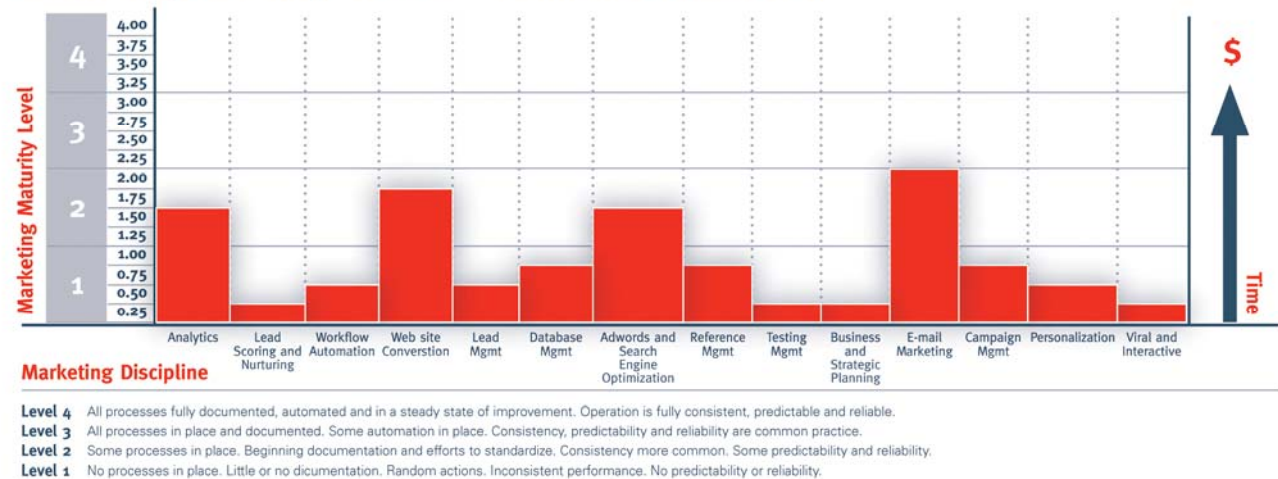
Integrating the Web into B2B marketing campaigns is no longer an option for businesses. The Internet's inherent trackability has transformed this channel into a key enabler for measuring campaign results. The solution of choice must include, at a minimum, full web analytics to actively use the web site as a channel – through real time dialogue or content-rich navigation – and integrate prospect web site activity into the entire demand generation process.

Deep knowledge of B2B marketing best practices.

Look for solution providers that combine the underlying platform with services and professional guidance to build sophisticated demand creation management processes. While the platform is valuable unto itself, the real value lies in understanding how to leverage it for full performance gains. This includes benchmarking your current marketing capabilities and processes versus your peers to optimize campaign effectiveness and return on investment.

Eloqua's Marketing Maturity Model helps marketers assess the strength and weakness of key areas of demand generation in order to systematically improve performance and results.

Marketing Maturity Model – Demand Generation



Response-driven, lead-scoring capabilities.

To prioritize the efforts of the sales force and achieve maximum sales results, it's critical to be able to track the behavior of prospects in response to campaign activity and to score leads based on this analysis. Look for a solution provider that offers clear visibility into the actions that prospects take – whether it's a visit to the web site, a white paper download or an email response – to enable scoring based on implicit interest.

Workflow automation engine.

Expect solution providers to provide key process-driven tools that allow you to “set and forget” your marketing programs. This workflow automation engine must be flexible enough to apply to your specific business process needs – whether those needs are as simple as automating a newsletter program or more complex marketing and sales processes like managing software free-trial downloads.

Hosted solution option.

In order to rapidly roll out and implement your platform, it's vital that you have the option to order the service on-demand. Marketers shouldn't have to struggle with IT in order to implement and integrate their demand-driving platform.

Integration with SFA and CRM.

Just as marketing and sales teams need a strong channel of communication and agreed-upon processes for generating, distributing and managing leads, the marketing and sales databases cannot operate independently. An integrated demand generation platform must provide deep integration into the leading SFA packages on the market, enabling a high degree of visibility for how marketing influences pipeline and revenue.

About Eloqua

Founded in 1999, Eloqua provides software and expertise to B2B marketers to execute, automate and measure highly effective marketing programs. Eloqua's mission is to make our customers the most effective marketers on Earth.

Eloqua Conversion Suite is the industry's leading integrated demand generation platform for businesses that expect measurable results from their marketing efforts. An on-demand family of solutions, Eloqua Conversion Suite automates and integrates the key sales and marketing functions of e-mail, direct mail, web site analytics, campaign analytics, and sales force automation to improve the quality and quantity of sales leads, eliminate waste and accelerate the entire selling process.

With market-leading technology backed by expert professional services, Eloqua automates best practices in demand generation for B2B marketers who need to produce a continuous flow of qualified leads for their sales force. Eloqua's customers include Sybase, Seagate, Nokia, JBoss, Administaff, Nuance and many other leading B2B marketers. Eloqua Corporation is headquartered in Toronto with offices in London and throughout the United States.

To learn how Eloqua can help you reach new levels of marketing performance, please visit www.eloqua.com or call **866-327-8764**.

1. Spencer Stuart, *"CMO Tenure: Slowing Down the Revolving Door"*, white paper, July 2004.
2. Laura Ramos, Forrester Research, *"B2B Marketing Needs a Makeover – Now"*, August 2, 2006.
3. Jim Dicke/Barry Traylor, CSO Insights, *"Optimizing Lead Generation, What's the Payback?"*, June 2006.
4. Laura Ramos, Forrester Research, *"How Mature is B2B Lead Management"*, November 30, 2006.

