

2016

DEMAND GENERATION BENCHMARK REPORT

WHAT'S WORKING IN DEMAND GENERATION



EXECUTIVE SUMMARY

Demand generation budgets will continue their upward trajectory in 2016, with more than two-thirds (67%) of marketers expecting an overall increase, and more than one-third (39%) of marketers expecting a rise of 20% or more, according to respondents to the 2016 *Demand Generation Benchmark Report*.

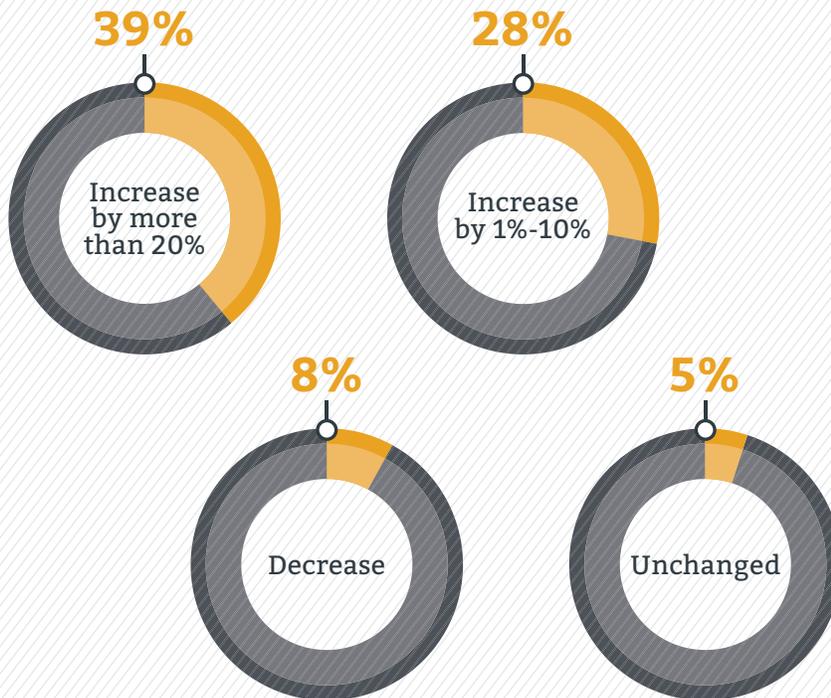
While the number of respondents expecting their demand gen budgets to rise remained essentially the same as in 2015, far more respondents anticipate a more significant increase this year. Last year, 21% of respondents saw an increase of 20% or more, compared with double that (39%) this year.

Demand generation spending is expected to mirror overall marketing budgets, so the importance of continued investment in demand generation tools and tactics has remained steady.

67% of demand gen budgets will increase in 2016.

63% of overall marketing budgets will increase in 2016.

Most Demand Budgets Will Increase



B2B marketers will balance spending these larger demand gen budgets on emerging strategies, such as account-based marketing (ABM) and predictive analytics, with continued investment in tried-and-true technologies and tactics as well.

Established demand generation practices, such as email and webinars, remained atop the list of most successful channels for prospect engagement, while events and even direct mail are expected to have more of an impact in 2016 than they did a year ago.

There continues to be a strong emphasis on lead quality versus quantity; now marketers are charged with not just filling the funnel, but bringing in valuable leads with a higher likelihood of converting.

Improving campaign results is also on the radar of many B2B marketers, as they face increasing pressure to prove a return on investment for all marketing activities.

Marketing automation tools lead many wish lists as marketers plan to upgrade their marketing platforms to take advantage of enhanced metrics and data analytics capabilities. As some leading B2B organizations began investing in marketing technology nearly a decade ago, it is time for many to reassess their marketing stacks and take advantage of the latest features.

Predictive tools and account-based marketing will command larger portions of demand gen budgets in 2016.



B2B MARKETERS FOCUS ON LEAD QUALITY, SALES AND MARKETING ALIGNMENT

Lead quality remains a key priority for B2B marketers this year, as they look for their increased emphasis on data-driven marketing and predictive analytics to yield more qualified leads. In our previous survey, 73% of respondents said that lead quality versus quantity was a top demand generation priority, and that number has jumped to 83% this year.

Sales and marketing alignment is another demand generation tactic that is garnering more attention among respondents in 2016, with a jump to 61% from 51% last year. This indicates that marketing continues to be responsible for leads throughout the entire funnel and is even more invested in the outcome once a lead is in the sales pipeline.

Marketers remain vigilant about improving their ability to measure and analyze marketing's impact; it was a priority for 62% last year, and 61% this year.

83% said focusing on lead quality over quantity was a priority for 2016, a rise of 10% from last year.

Top Demand Generation Priorities

(Respondents chose 4 or 5 out of 5, with 5 being most important)



EVENTS ON THE RISE AS AN ENGAGEMENT TOOL

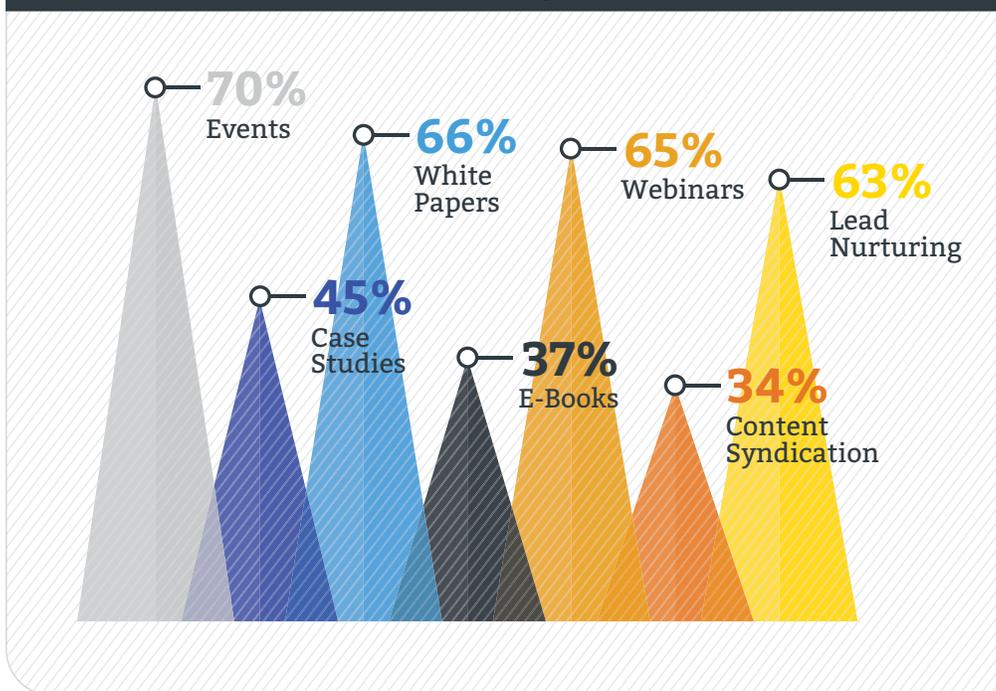
With the mindset of sticking with success, B2B marketers continue to rely heavily on events, webinars and white papers as their primary sources for generating leads.

Although the top three tactics haven't changed from last year, there has been a shift from webinars to live events. While events were favored by 64% of B2B marketers last year, that number inched up to 70%, indicating that in-person interactions continue to provide a steady source of leads.

Webinars lost the spot as the No. 1 tactic last year — when it was favored by 73% — dropping to 65% this year. This is an opportunity for B2B marketers to revisit their webinar content and explore new formats, such as providing more interactivity and sharing content prior to the webinar to allow more time for questions from participants.

Events continue to be a solid lead generation tactic used by **70%** of respondents.

Top Engagement Tactics (Choose top 5)



EMAIL REMAINS ON TOP, BUT DIRECT MAIL RE-EMERGES

Email is still the most widely used channel for B2B marketers; and while it remains in the top spot, it has slipped to 77%— down 10% from last year (87%).

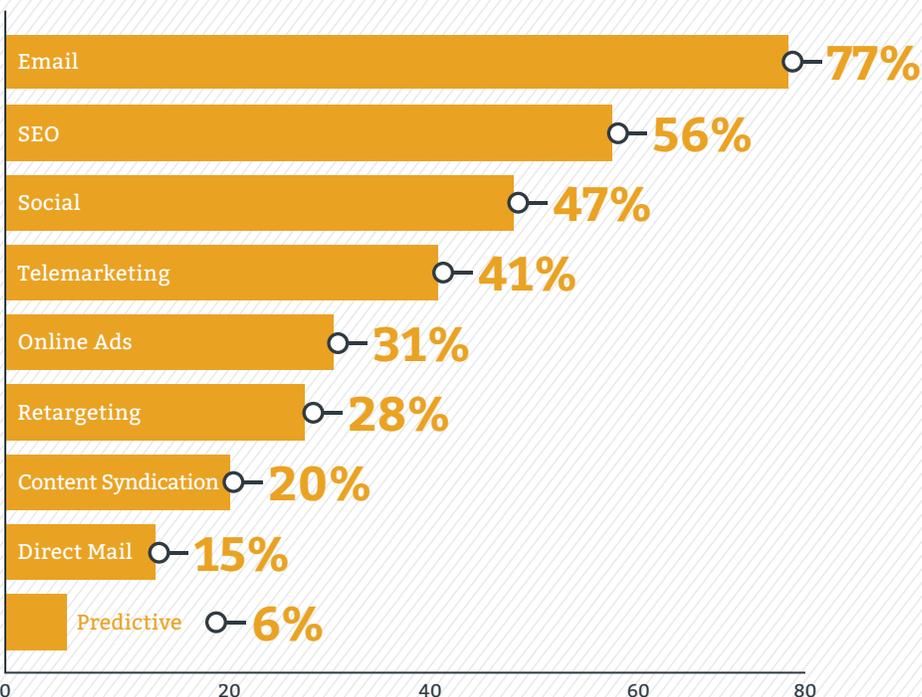
SEO and social rounded out the top three, as they did in the previous year, but SEO was slightly down to 56% from its 2015 level of 65%. This could be an indicator that updates from Google — designed to make it tougher for poor-quality content to appear in search results — are causing B2B marketers to pull back a bit in their SEO investments.

There were a few surprises, such as 15% indicating that they were using direct mail. This was a sentiment echoed by several members of *Demand Gen Report's* Editorial Advisory Board.

Another unexpected result was the slight decline in predictive tools, down to 6% from 8% in 2015, indicating that B2B marketers are still in the early stages of embracing this emerging technology.

15% of respondents will invest in direct mail in 2016.

Top Channels Currently Being Used To Drive Leads (Choose top 3)



ACCOUNT-BASED MARKETING AND RETARGETING AT TOP OF MARKETERS' LISTS

In 2015, we didn't even have ABM on this list, and none of the respondents provided it as a write-in option. What a difference a year makes. With more than one-third (37%) of respondents looking to add ABM in 2016, it is clearly a strategy that is resonating with marketers and sales teams alike as they turn their attention to key accounts.

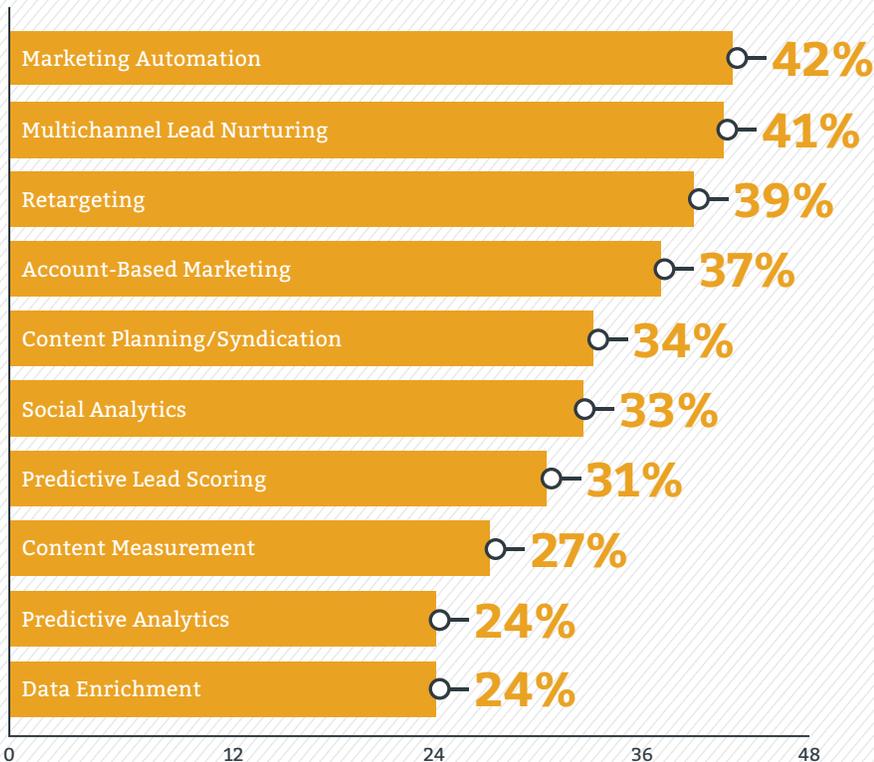
Surprisingly, marketing automation is still the No. 1 tool that marketers are looking to deploy in the coming year, an indication that they are looking at second — or even third — iterations of this essential technology.

Multichannel lead nurturing and retargeting remain high on the list, a sign that marketers continue to explore ways to expand their outreach to prospects across channels and platforms.

Social analytics remains roughly the same, highlighting the need for B2B marketers to get a clear view of the return on their investment in social media marketing.

More than one-third (37%) of respondents are looking to add ABM in 2016.

Top Channels Currently Being Used To Drive Leads (Choose top 3)



SOCIAL IS BETTER FOR EARLY-STAGE ENGAGEMENT, RETARGETING WORKS FURTHER IN THE FUNNEL

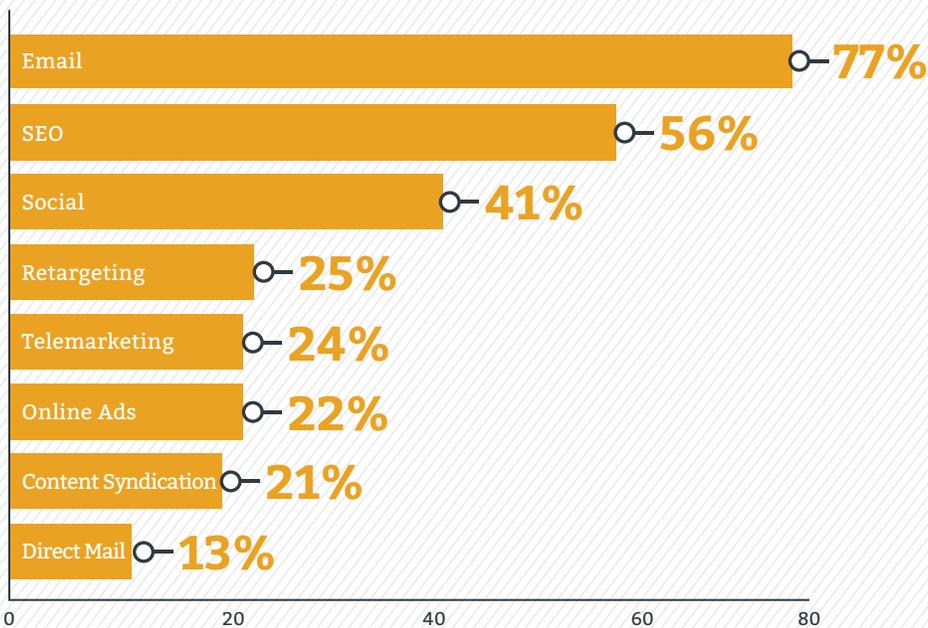
Email is the top choice for engaging prospects at all stages of the buying process, with 77% of respondents calling it a top channel for early-stage outreach, and 87% using email to interact with leads further down the funnel.

While SEO was high on the list of early-stage engagement tools last year at 69%, it has slipped significantly to 56%. As noted earlier, this is most likely a response to changes in Google's algorithm. For reaching early-stage leads, retargeting experienced a bump, going from 18% to 25%.

SEO works best in early-stage engagement (56%).

Top Channels For Driving Early-Stage Leads

(Choose top 3)

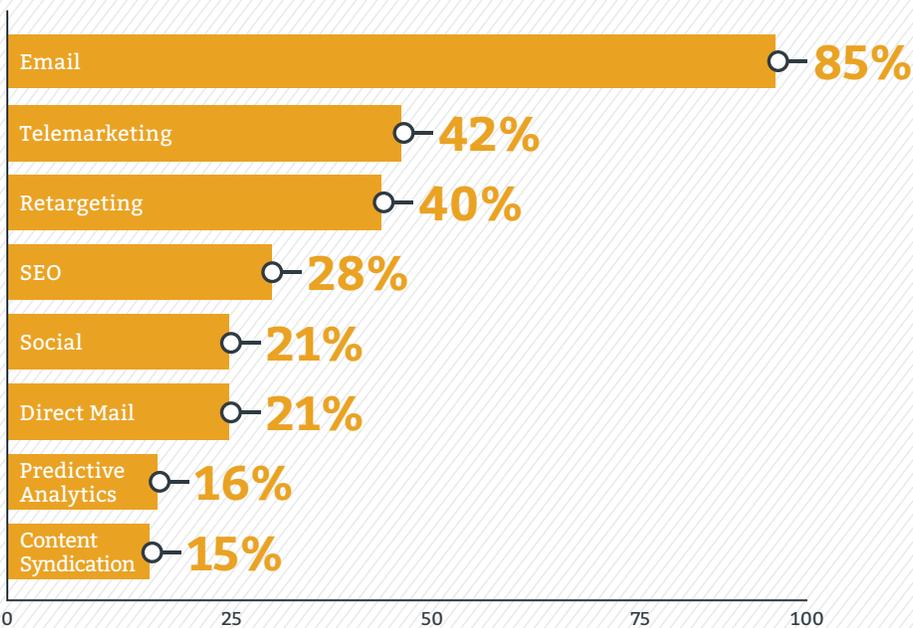


For leads that are further down the funnel, retargeting is again among the most effective ways to engage, behind email and telemarketing. Last year, social was nearly double at 40%, but has slipped to 21%. SEO has also dropped in favor as a channel for driving late-stage leads, going from 37% to 28% in 2016.

Telemarketing (42%) and retargeting (40%) are more effective later in the funnel.

Top Channels For Driving Later-Stage Leads

(Choose top 3)





411 State Route 17 South
Suite 410
Hasbrouck Heights, NJ 07604

P: 201.257.8528
F: 201.426.0181

info@demandgenreport.com

ABOUT THE SURVEY

The 131 respondents serve a variety of industries, with software/technology as the top industry chosen, with the business services and consulting sector coming in second. The majority of the respondents (60%) were from companies with more than \$10 million in annual revenue.

ABOUT DEMAND GEN REPORT

Demand Gen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

