

The 2011 State of Inbound Marketing



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Introduction

Summary

This report is based on a January 2011 survey of 644 professionals familiar with their business' marketing strategy.¹ The key takeaways are:

- **Inbound marketing channels are maintaining their low-cost advantage:** Inbound marketing-dominated organizations experience a cost per lead 62% lower than outbound marketing-dominated organizations.
- **The gap between spending on inbound vs. outbound continues to widen:** In 2009, inbound marketing had a 9% greater share of the lead generation budget; in 2011 its share was 17% greater.
- **Blogs and social media channels are generating real customers:** 57% of companies using blogs reported that they acquired customers from leads generated directly from their blog.
- **More and more business are blogging:** Businesses are now in the minority if they do *not* blog. From 2009 to 2011 the percentage of businesses with a blog grew from 48% to 65%.
- **Businesses are increasingly aware their blog is highly valuable:** 85% of businesses rated their company blogs as “useful,” “important” or “critical;” a whopping 27% rated their company blog as “critical” to their business.

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—they are using the Internet to learn about the products and services that best meet their needs.

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

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.

¹ For more information about the survey please see the appendix.

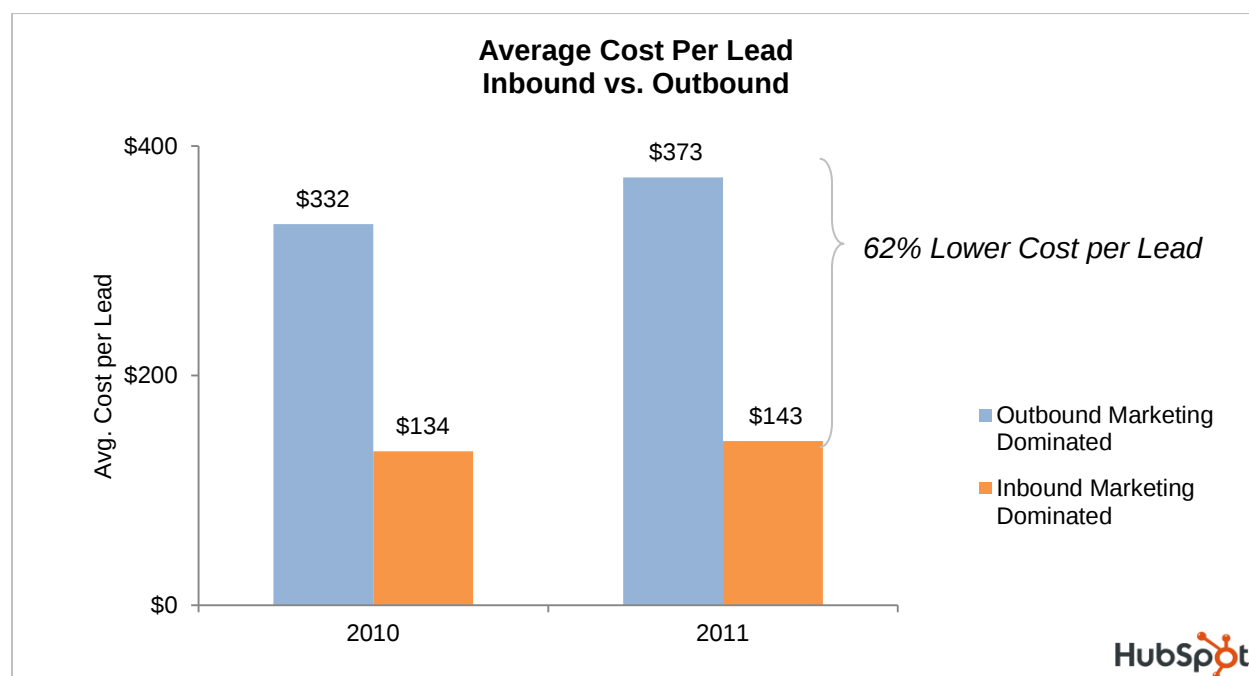
The State of Marketing Costs & Budgets

Inbound Consistently Delivers a Cost per Lead Dramatically Lower Than Outbound

Survey participants were asked to report the distribution of their spending and their average cost per lead. 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 of their budgets on outbound marketing channels:

- In 2011, the average cost per lead for outbound-dominated businesses was \$373, while inbound businesses reported their leads cost on average \$143.
- **Inbound marketing-dominated organizations experience a 62% lower cost per lead than outbound marketing dominated organizations.**

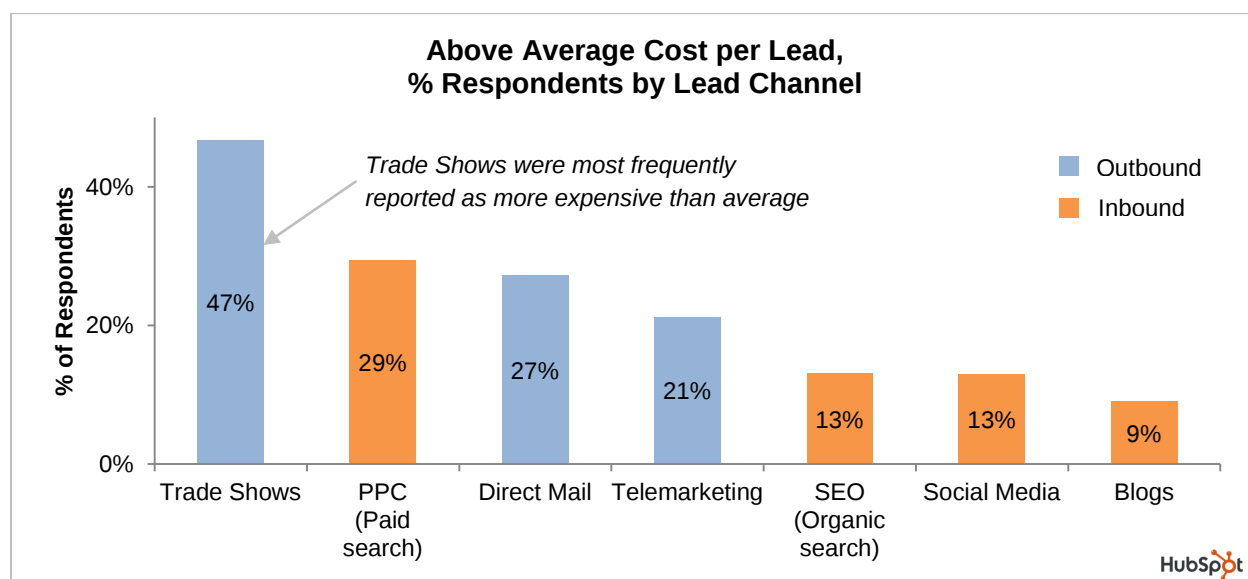
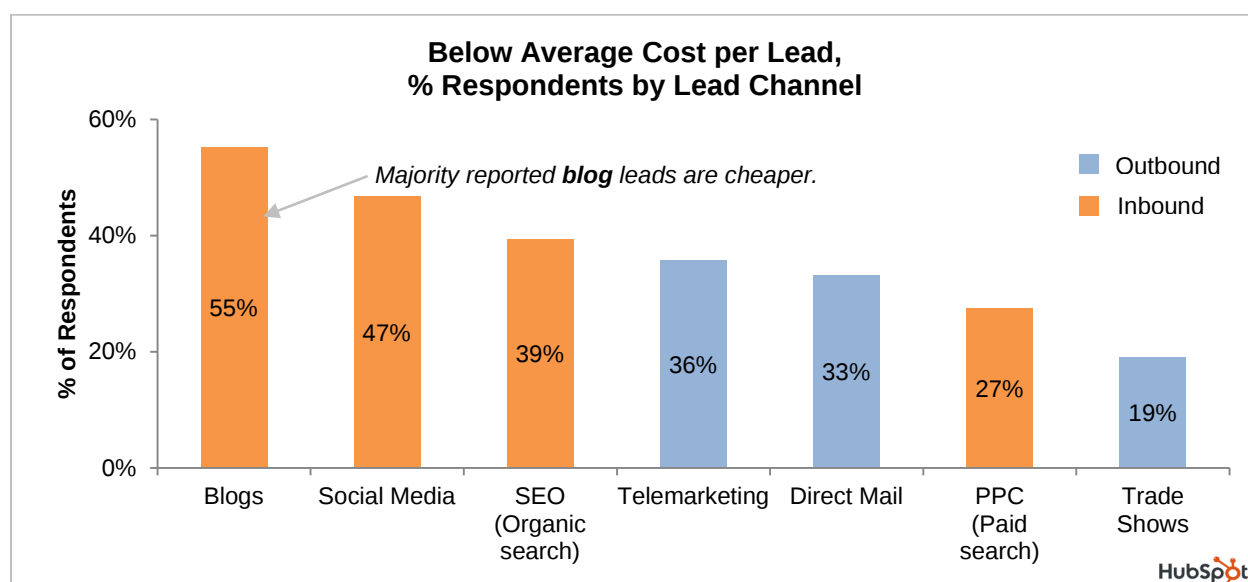
This finding is *remarkably consistent* from year to year. The previous study showed strikingly similar results: the 2010 survey showed that inbound marketing-centric organizations experienced a 60% lower cost per lead.



Three Out of Four Inbound Channels Cost Less than Any Outbound Channel

When asked to classify each lead generation category as “below average cost,” “near average cost,” or “above average cost,” businesses consistently ranked inbound marketing channels as having costs lower than outbound channels. PPC was the only inbound channel that was ranked among the outbound channels.

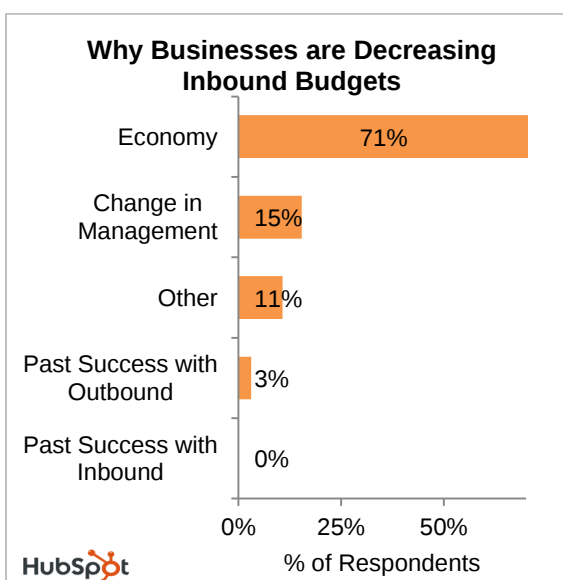
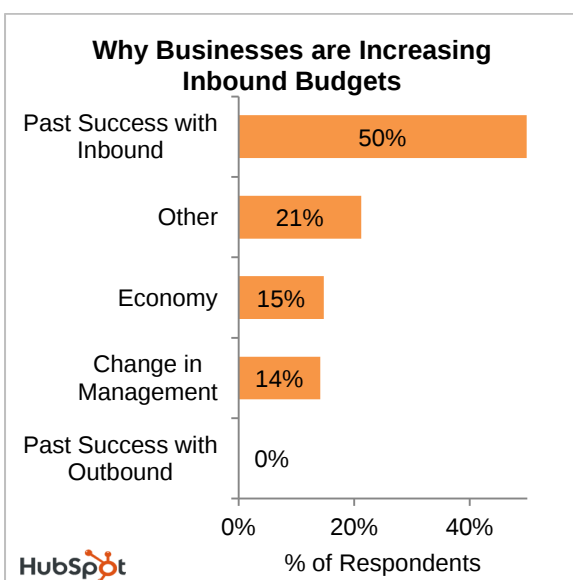
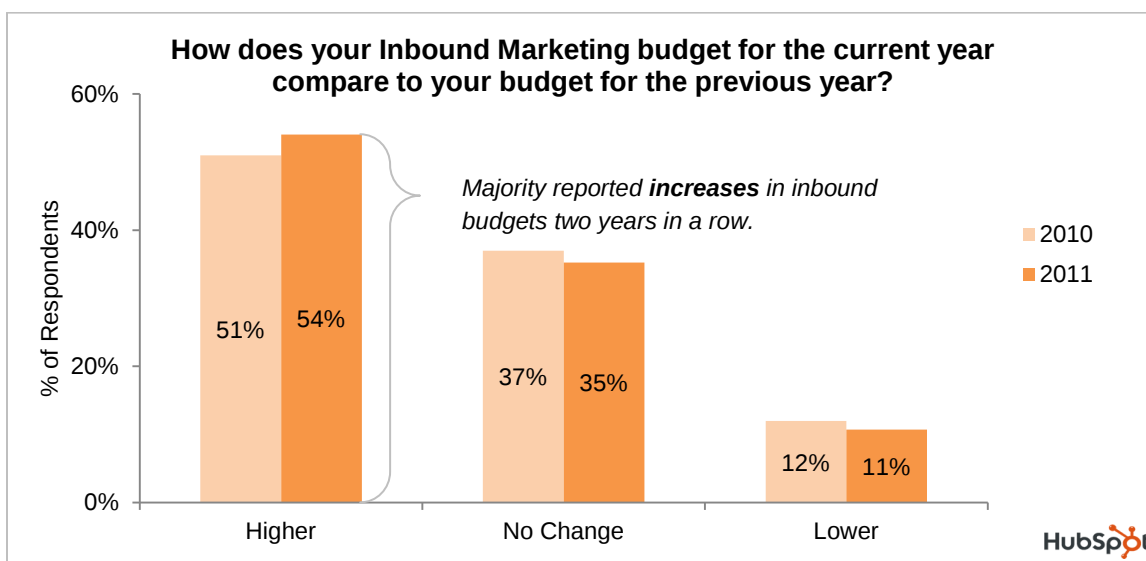
- Blogs, social media and organic search maintained the top slots as least expensive.
- Blogs had the highest instance of being reported as “Below Average Cost:” 55% of companies who blog indicated leads from this channel were “Below Average Cost.”
- Trade shows, PPC, direct mail and telemarketing were most frequently ranked as more expensive.



The Majority of Businesses Are Increasing Their Inbound Marketing Budgets

“How does your 2011 Inbound Marketing budget compare to your 2010 budget?” the survey asked. “If your 2011 inbound marketing budget changed from your 2010 budget, what drove that decision?” The answers to these questions show that the majority of businesses are consistently increasing inbound marketing budgets:

- 54% of those surveyed are increasing their inbound marketing budgets.
- 89% are either maintaining or increasing their inbound marketing budgets.
- This increase was observed two years in row.
- Among the 54% of respondents with increased inbound marketing budgets, the most commonly cited reason was “past success with inbound marketing.”
- The majority of businesses attributed their decreasing budgets to the “economic conditions” (71%) or “a change in management” (15%).



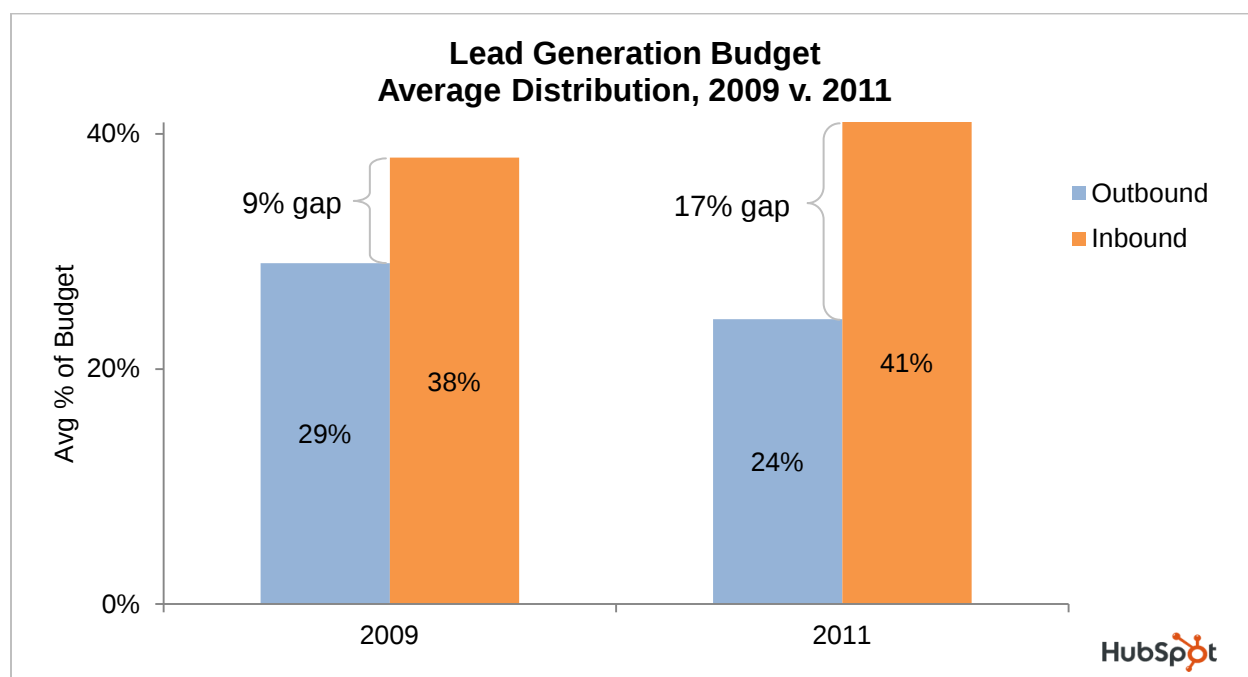
Distribution of Budgets Continues to Shift To Inbound Channels

We asked survey respondents 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 and an outbound marketing tool so it was not classified):

INBOUND CHANNELS	OUTBOUND CHANNELS	NOT CLASSIFIED
PPC	Direct Mail	Email Marketing
SEO	Telemarketing	Other
Social Media	Trade Shows	
Blogs		

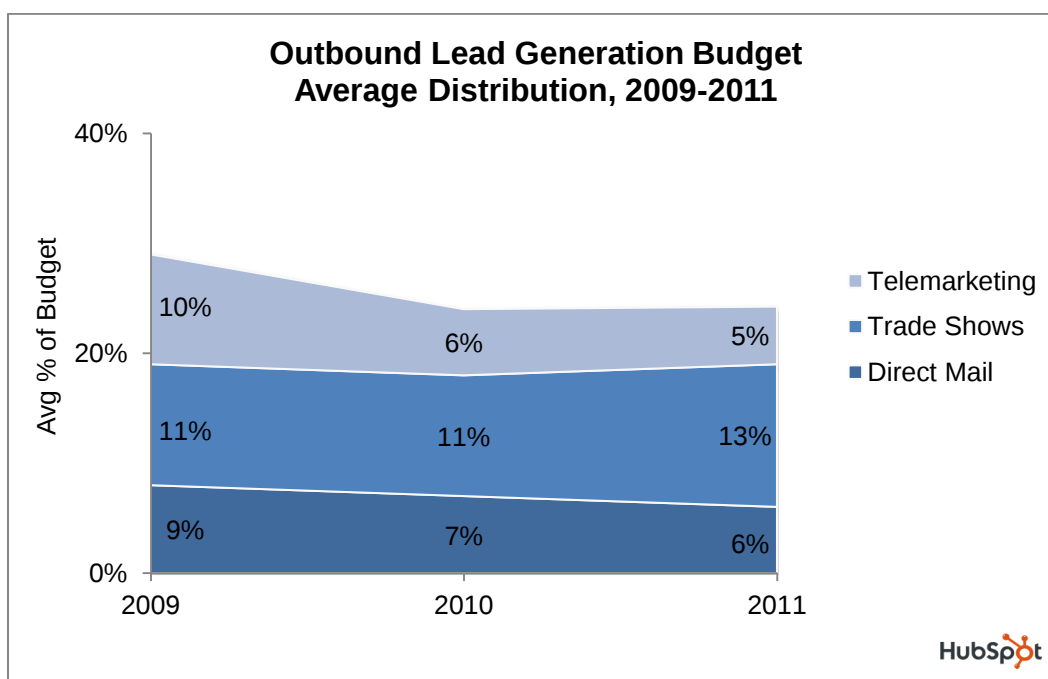
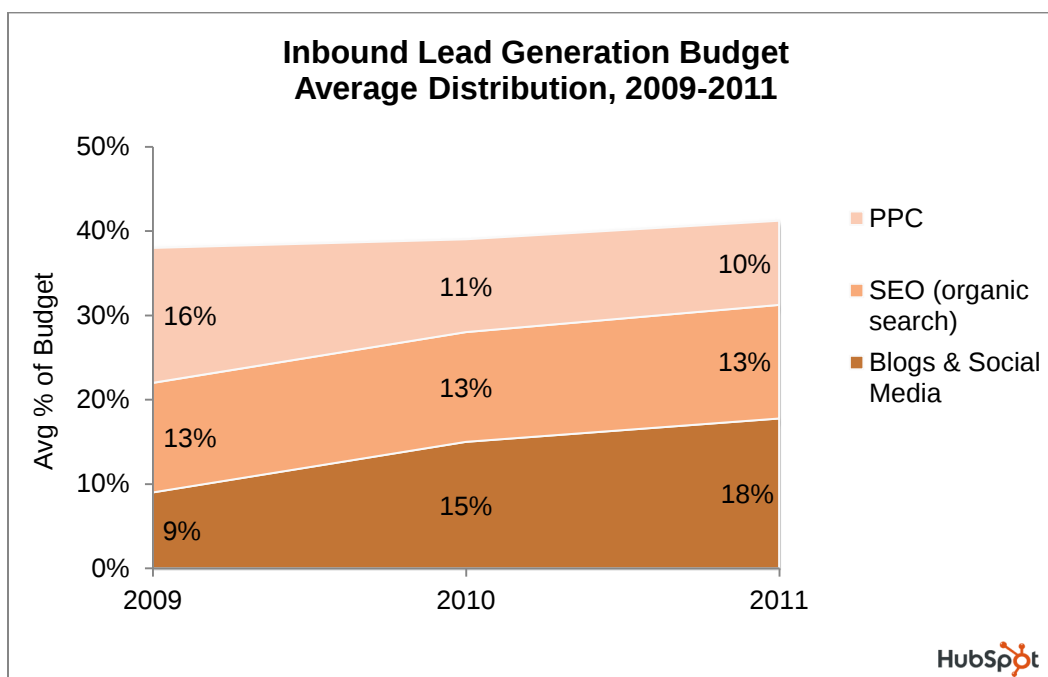
The results show that:

- The average portion of budget dedicated to inbound increased from 38% to 41% from 2009 to 2011.
- The net effect is that the gap continues to widen - **inbound marketing had a 9% greater share of the lead generation budget in 2009 in comparison to a 17% greater share in 2011.**



A more granular view of the data shows that:

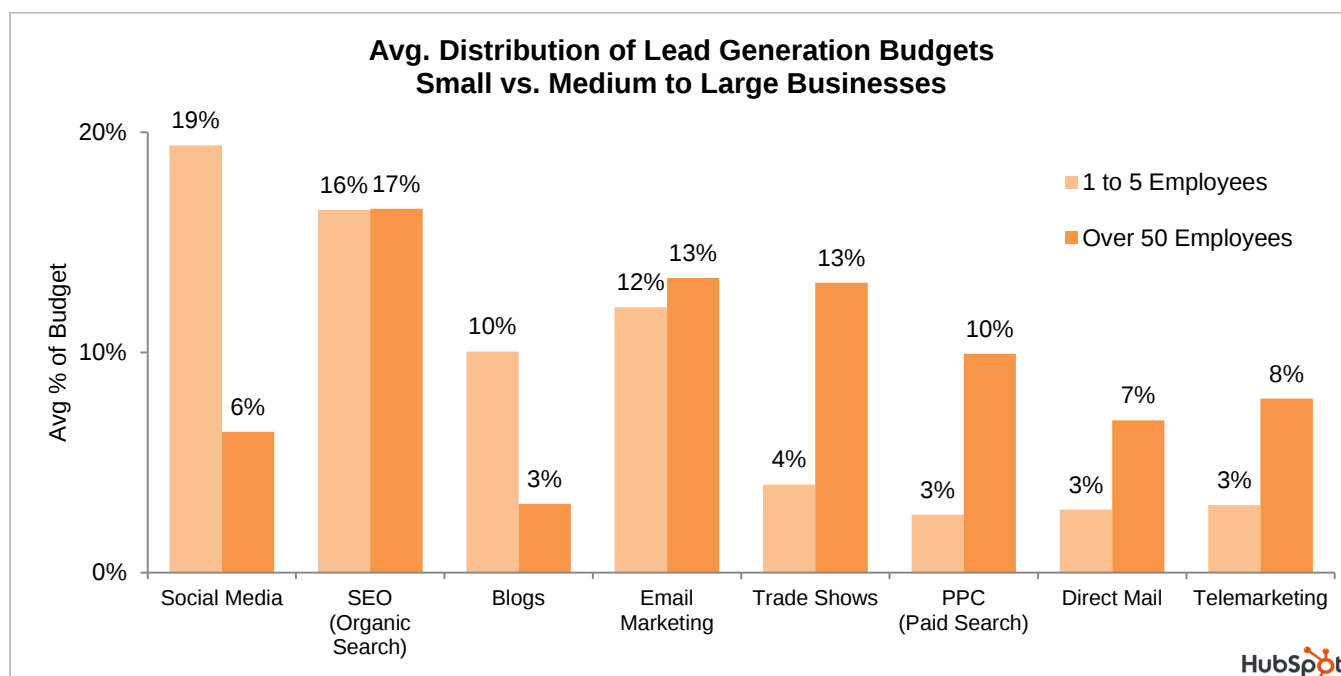
- Marketers are allocating more of their lead generation budgets to social media and company blogs.
- The average budget spent on company blogs and social media increased from 9% in 2009 to 17% in 2011.
- Marketers are decreasing the portion spent on PPC, direct mail and telemarketing.



Small Companies Continue to Spend More of Their Budgets on Inbound Marketing

In a continuation of a trend identified in previous reports, small businesses are attempting to level the playing field by focusing on lower-cost inbound lead generation techniques.

- In 2011, small businesses (1 to 5 employees) plan to spend 49% of their lead generation budgets on inbound marketing.
- In comparison, medium-to-large businesses (50 or more employees) only plan to spend 36% of their lead generation budgets on inbound marketing.
- Small business are only giving 10% of their budget to outbound, while medium-to-large business are allocating 28% of their budget to outbound channels.
- Small businesses plan to spend dramatically more of their budgets on social media and blogs.
- Medium-to-large businesses plan to spend more of their budgets on outbound methods, including trade shows, direct mail and telemarketing.

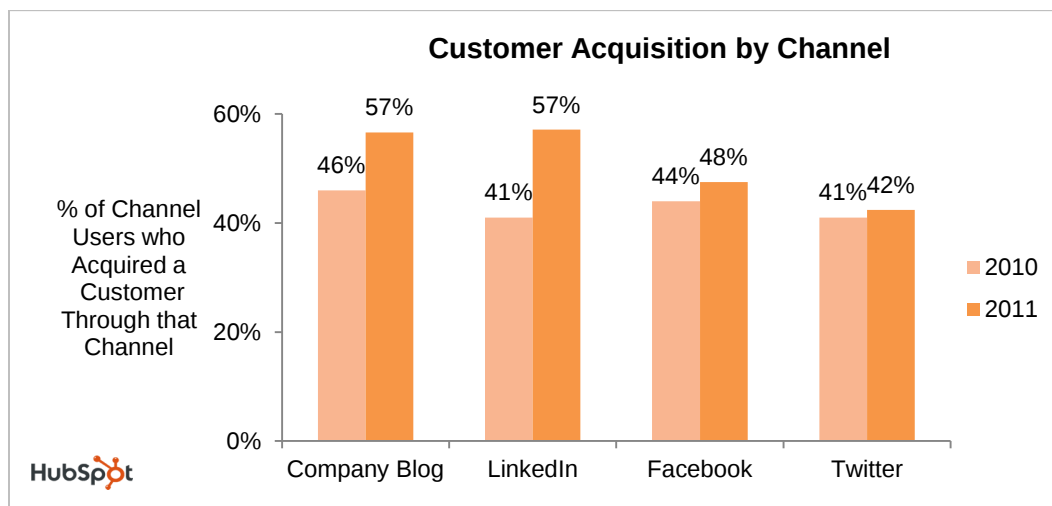


Inbound Channels Convert Leads into Customers

Social Media and Blogs Generate Real Customers

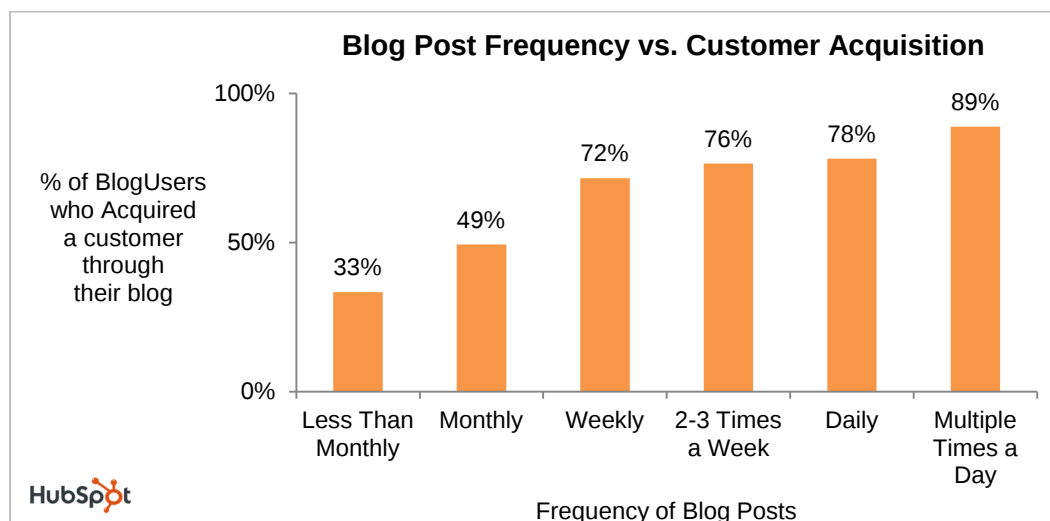
The use of social media and company blogs as marketing tools not only gets your company better brand exposure, but it also generates leads that result in real customer acquisition.

- 57% of those using company blogs have acquired a customer from a blog-generated lead; this is an increase of 11 percentage points since 2010.
- Similarly, 57% of companies using LinkedIn have acquired a customer from that channel.
- Facebook and Twitter users reported customer acquisition rates of 48% and 42%, respectively.



Customer Acquisition through Blogs is Directly Related to Frequency of Posts

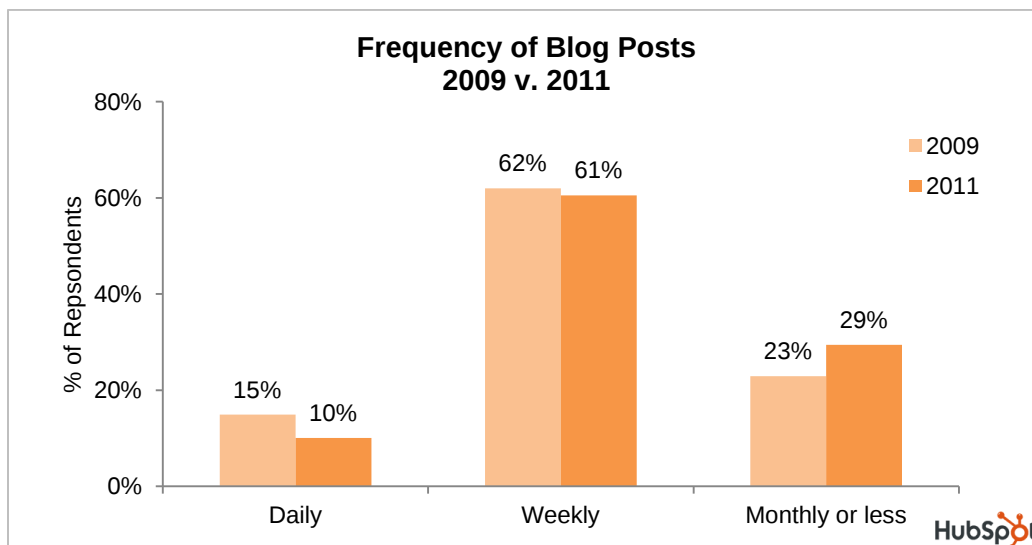
If your blog is underutilized, you are leaving customers on the table. The 2011 survey shows a direct correlation between blog post frequency and new customers acquired.



Most Company Blogs Publish at Least Weekly

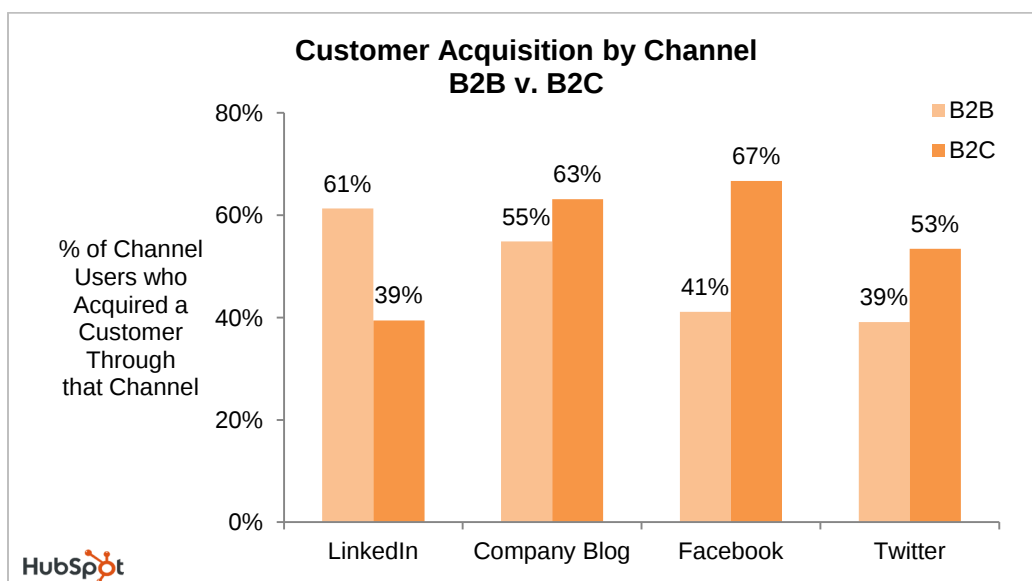
Despite the evidence showing that increased blogging correlates with increased customer acquisition, blogging frequency remained relatively steady between 2009 and 2011.

- In 2011, 71% of respondents indicated they blog at least weekly.



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

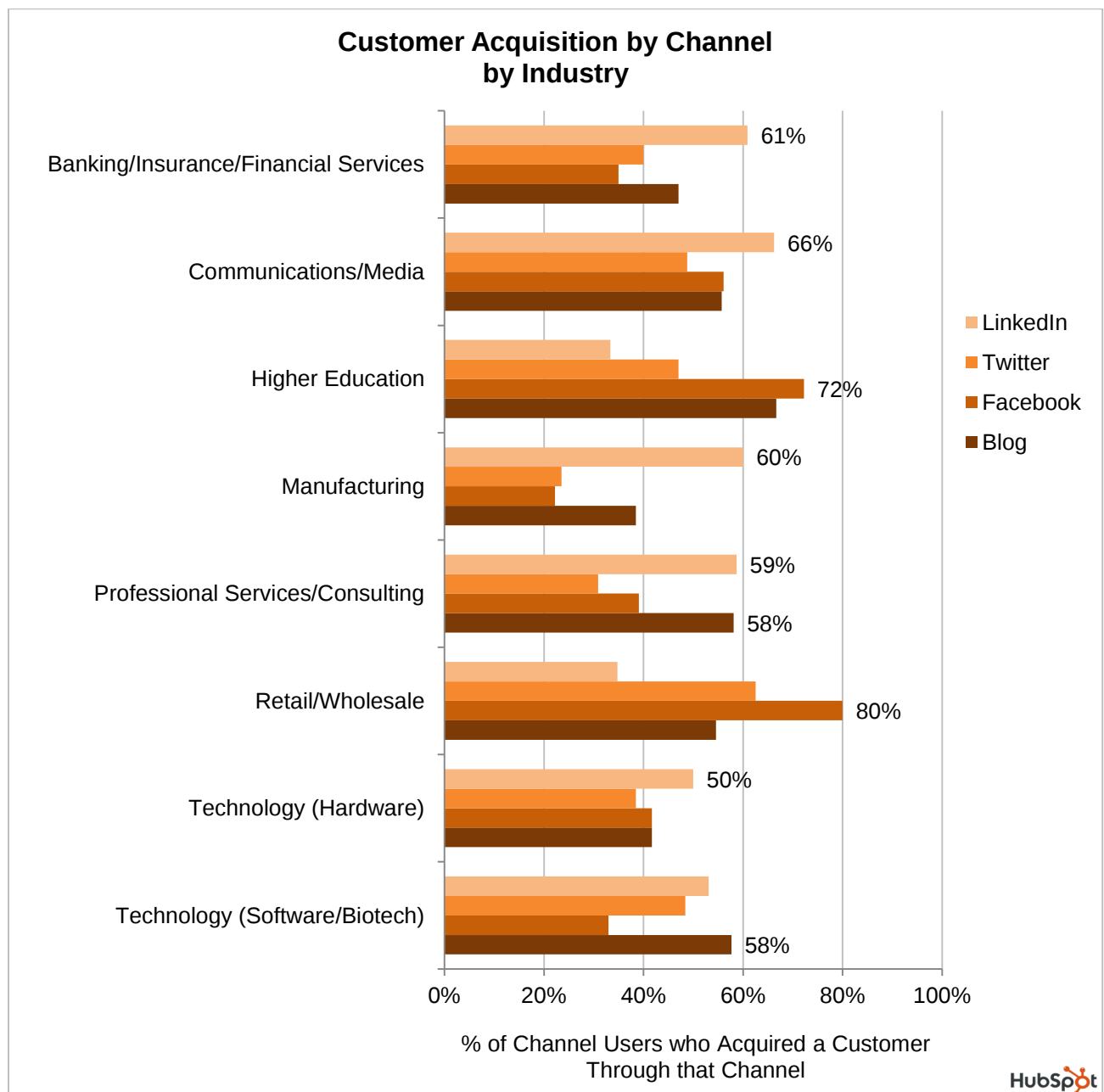
The effectiveness of a particular social media channel depends upon the type of business. While both B2B and B2C companies are able to acquire customers through any of the four channels surveyed, Facebook is clearly more effective for B2C businesses and LinkedIn is clearly more effective for B2B businesses. Both business types found similar and relatively high success with customer acquisition through a company blog.



Channel Effectiveness by Industry

A deeper dive into the customer acquisition results shows how the effectiveness of blogs, Twitter, Facebook and LinkedIn varies by industry. The major takeaways from this data include:

- Higher Education, Professional Services & Consulting, and Software & Biotech found blogging was highly effective. All of those industries had over 50% of respondents indicating customer acquisition through their blog.
- The Retail industry experienced the most success through Facebook and Twitter.
- Communications & Media, Banking/Insurance/Financial Services, Manufacturing, Professional Services & Consulting, and Technology Hardware found LinkedIn was highly effective.

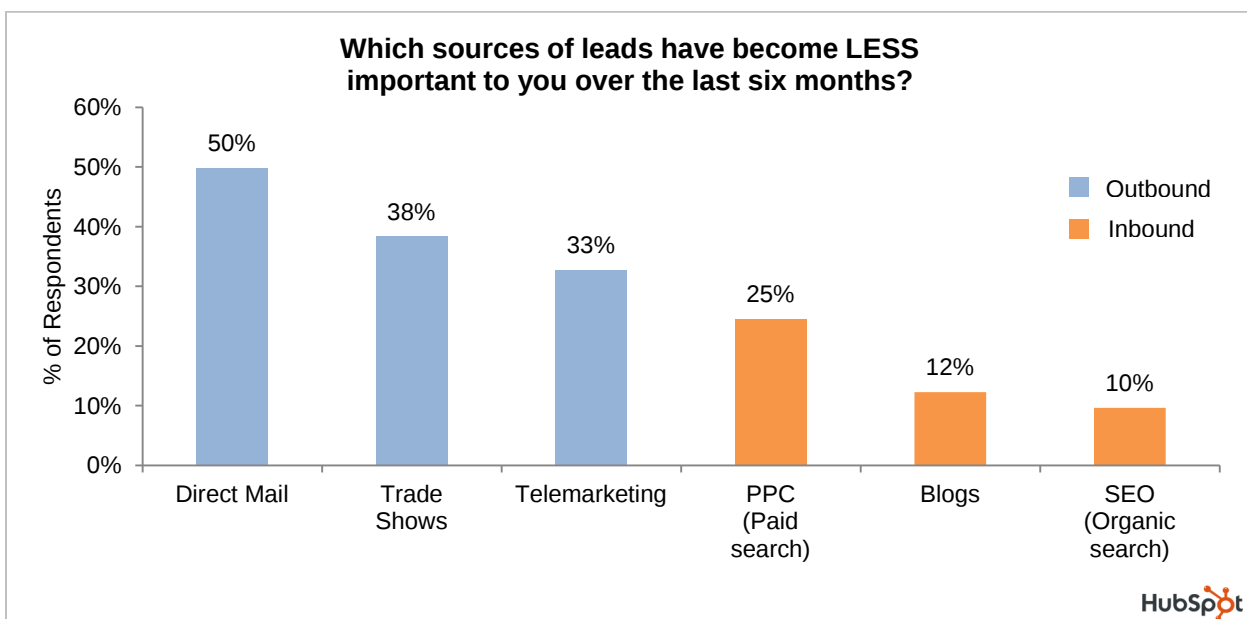
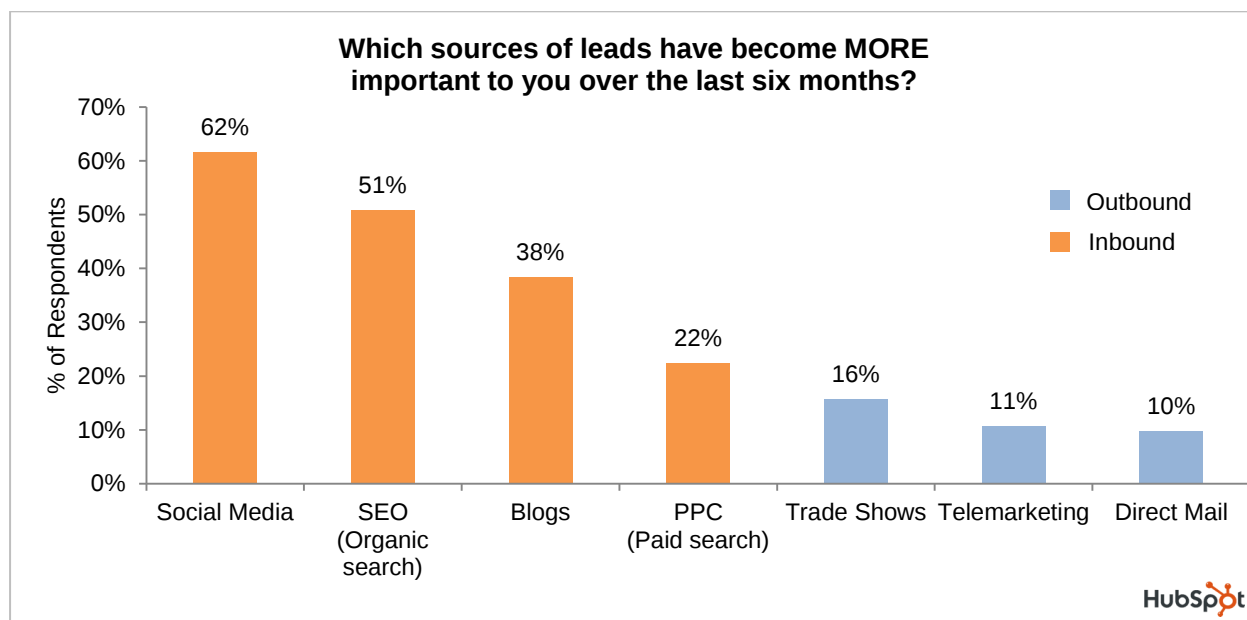


What's Important to Marketers?

Inbound Marketing Channels Continue to Grow in Importance

Based on the data regarding customer acquisition and 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:

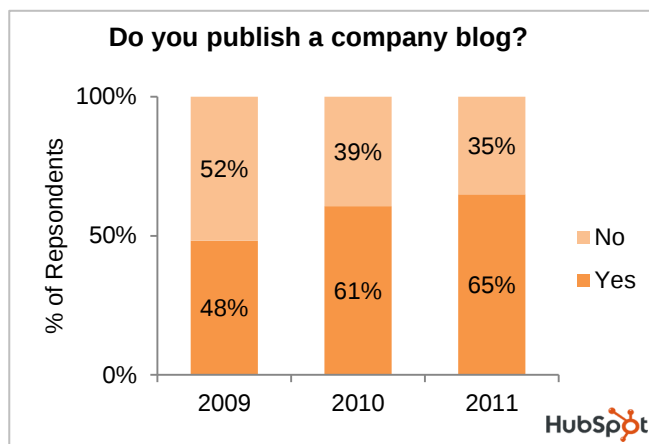
- 62% of businesses rated social media as being more important.
- Social media and SEO were the channels most frequently reported as MORE important.
- Direct mail was the channel most frequently cited as LESS important.
- Businesses rated every outbound channel as LESS important than any inbound channel.



Blogs Remain Most Important Social Media Channel

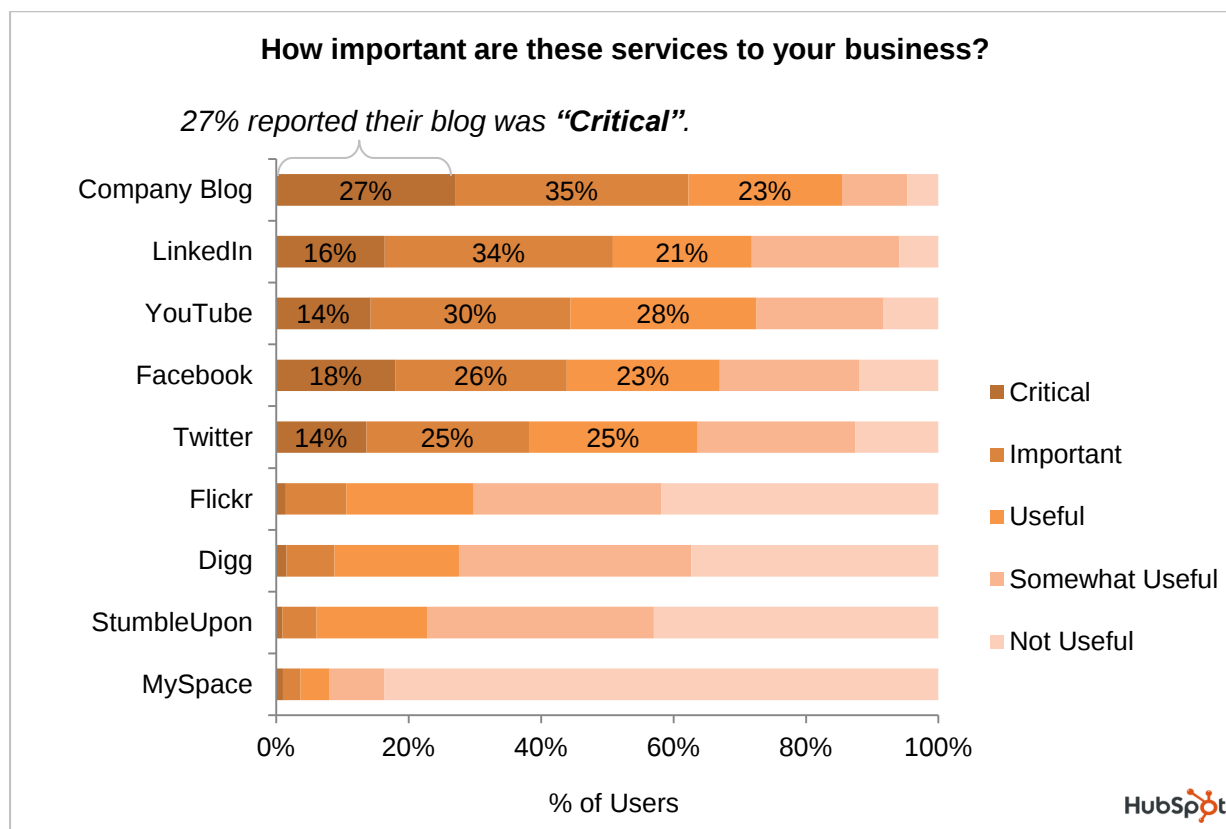
Survey respondents were asked to indicate if their business publishes a blog. From 2009 to 2011, the volume of respondents indicating that their company publishes a blog has shown rapid growth:

- From 2009 to 2011, the percentage of respondents with a company blog grew from 48% to 65%.
- On the flip side, the likelihood of a not having a blog has been reduced from 52% to 35%.



Respondents were also asked to rank the services that they use as “critical,” “important,” or “useful.” The results indicate:

- A whopping 27% of users rated their company blog as “critical” to their business.
- 85% of users rated company blogs as “useful” or better.
- LinkedIn, YouTube, Facebook and Twitter were considered “useful” or better by over 60%.
- In contrast, MySpace, StumbleUpon, Digg and Flickr all had user bases where over 70% considered the channel only “somewhat useful” or “not useful.”

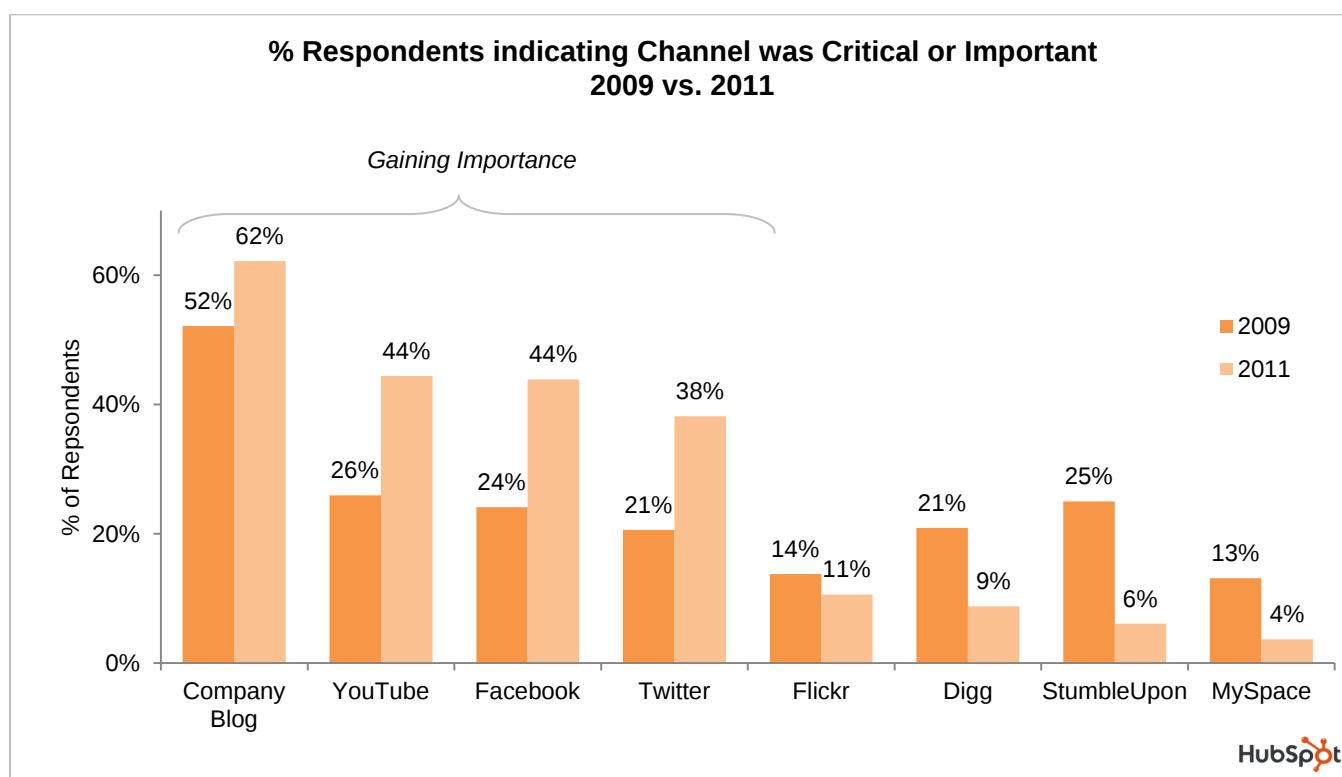


Company Blogs, YouTube, Facebook and Twitter Increasingly Valued by Businesses

The results of both the 2009 and 2011 studies reveal that certain channels are gaining importance over time. The graph below shows the percentage of users who rated the channel as either “critical” or “important” in 2009 and 2011.

The results of this comparison show:

- **Company blogs are increasingly valued. The blog is the channel most frequently reported as critical or important, both in 2009 and 2011.**
- YouTube, Facebook, and Twitter are also increasingly important. Facebook and Twitter gained an additional 18%, and YouTube gained 20%.
- Flickr, Digg, StumbleUpon, and MySpace had reduced importance.



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 practice 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 per 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 who 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, try [HubSpot's free 30-day trial!](http://www.hubspot.com/free-trial)

<http://www.hubspot.com/free-trial>

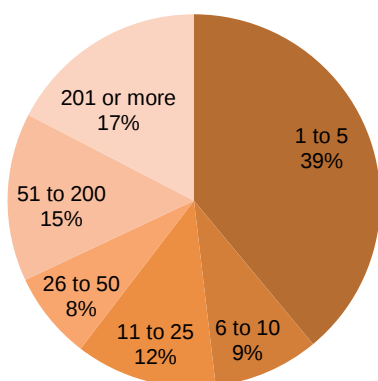
We asked respondents to name the best and worst marketing programs they've executed to drive leads and sales over the past year. Represented below are their answers in a word cloud.

[illegible]

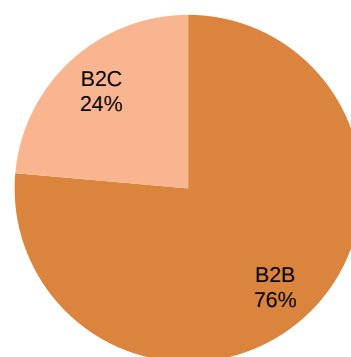
Respondent Profiles

The State of Inbound Marketing report is based on surveys conducted in early 2009, 2010, and 2011. The 2011 results are based on responses from 644 professionals who were familiar with their business' marketing strategy. These professionals included marketers, business owners, entrepreneurs, and executives at companies of various sizes. 76% of these professionals worked in business-to-business companies and the range of industries varied greatly. Industries represented in the sample included Retail, Technology, Professional Services & Consulting, Banking/Insurance/Financial Services and Communications & Media among others.

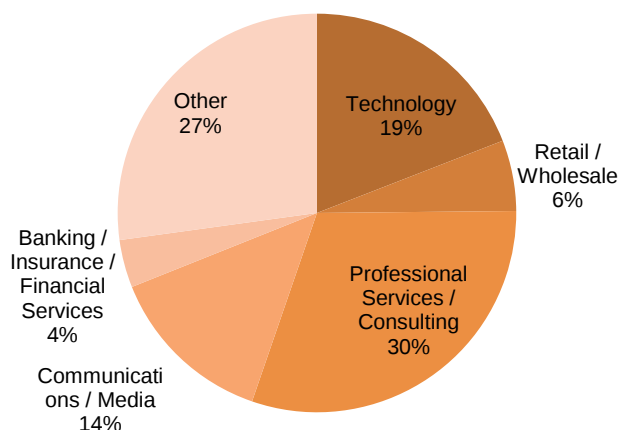
How many full-time employees does your company have?



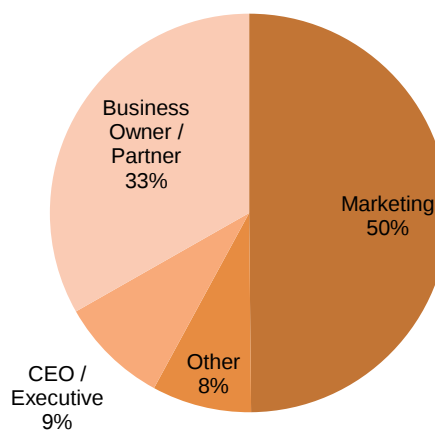
My business primarily sells to other businesses (B2B) or consumers (B2C)



What industry best describes your company?



What best describes your role?



Sample Questions Asked

The survey was designed to collect data on the marketing practices and results for a wide range of businesses. This is the third consecutive year in which this survey has been conducted. Respondents were asked a series of questions related to their business' marketing programs the results they have seen. 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?