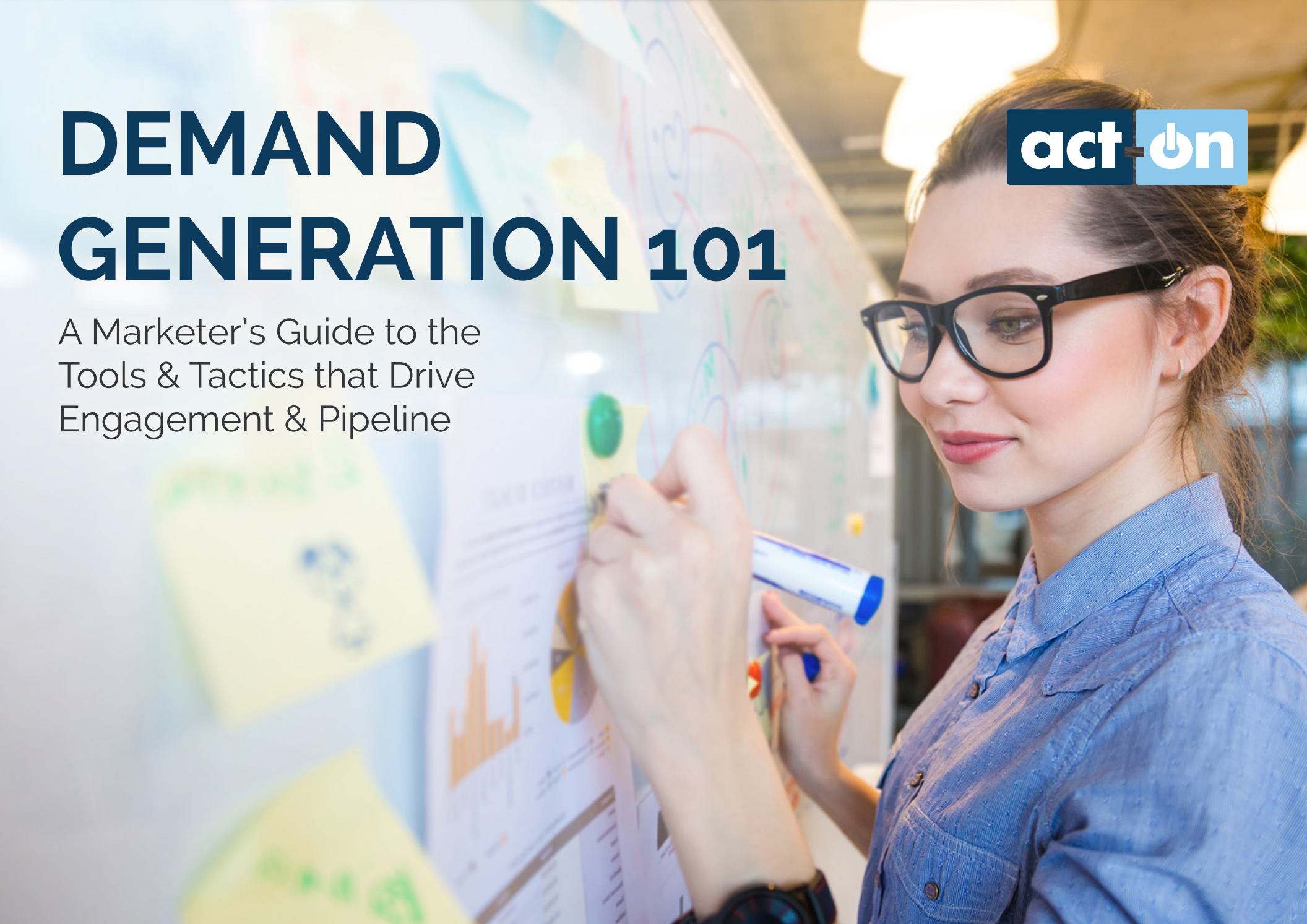


DEMAND GENERATION 101

A Marketer's Guide to the
Tools & Tactics that Drive
Engagement & Pipeline



FORWARD

Demand Generation Can Be Tricky for Marketers

Different people define demand generation in different ways, and many see it as pretty much the same thing as lead generation: the process of attracting prospects, identifying them, and moving them into an organization's sales funnel.

Today, however, demand generation is actually a much bigger and more important concept. A modern demand generation program doesn't just generate leads; it creates higher quality leads, accelerates and converts those leads more effectively, and ultimately turns more of those leads into revenue.

"Demand generation is not a new concept, but it has definitely evolved," said Andrew Gaffney, publisher of Demand Gen Report. "It's no longer about cranking out campaigns or generating lead volume. The focus is more on **understanding and targeting your prospects**. It's quality, not quantity."

This guide gives marketers a starting point for understanding and using demand generation programs. We'll explain why these programs are so useful for marketing and sales organizations, and look at the key tools and tactics that enable a typical demand generation program.



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Demand Generation Defined

Demand generation today is much more than lead generation.

It includes a range of marketing tactics, tools and organizational activities that work together to achieve specific marketing and business goals. According to Gaffney, three traits define a demand generation program:

- **The players:** Demand generation is always a collaborative activity between an organization's sales and marketing teams.
- **The methods:** Demand generation uses coordinated, multi-tiered marketing activities to identify and engage buyers through targeted outbound and inbound marketing activities.
- **The goal:** Demand generation improves lead quality, accelerates the buying cycle, and improves conversion rates from inquiries to qualified opportunities. The most important goal, however, is to generate higher revenue from marketing-sourced leads.



“Demand generation can be a complex activity, but all the moving parts serve the same purpose. It’s all about revenue impact.”

ANDREW GAFFNEY

Publisher, Demand Gen Report

3 Reasons Why Demand Generation Matters to Marketers

Technology has transformed the marketing profession over the past decade, but three changes pose special challenges for today's marketing organizations.

1. EMPOWERED BUYERS

Today's buyers have vast online resources at their fingertips – making it easy for them to research solutions to their business challenges, seek education and advice, and evaluate vendors. That's why, according to the *2014 Demand Gen Report B2B Buyer Behavior Survey*.¹

- 40% of buyers wait longer than they did in the past to initiate contact with a vendor. Buyers typically get 60% to 70% through the buying journey before they engage with a salesperson.
- 58% of buyers spend more time researching their options than they did in the past.
- It's critical for marketers to identify these buyers and to maintain contact as they move towards a purchasing decision. "Someone has to engage with these buyers, build relationships and trust," said Janelle Johnson, Senior Director of Demand Gen for Act-On Software. "If your marketing team doesn't get this done, your competitors will."

"The more you understand your buyer – their needs, expectations and pain points – the more likely you are to shorten the sales cycle."

CARI BALDWIN

President and Founder,
Bluebird Strategies

3 Reasons Why Demand Generation Matters to Marketers (continued)

2. HIGH EXPECTATIONS


Today's buyers live in an always-on world full of instantly available, highly personalized content and services. Many wonder: If Amazon and Netflix can anticipate their consumer needs, why can't other companies? Cookie-cutter marketing content and one-size fits-all communication are recipes for failure in this environment. If marketers are going to reach these buyers, they must arm themselves with the insight, the tools, and the technology to tailor their messages for a buyer's individual needs and preferences.

"Buyers are more sophisticated than ever before, and at the same time they're receiving more messages from sellers than ever before," said demand gen consultant Cari Baldwin, President of BlueBird Strategies. "The more you understand your buyer – their needs, expectations and pain points – the more likely you are to shorten the sales cycle."

3. PRESSURE TO PERFORM - AND TO PROVE IT

It has always been notoriously difficult to measure the revenue impact of marketing programs. That's changing today, as new marketing analytics tools enter the mainstream – and as marketers face growing pressure to put these tools to work. "Marketing budgets are rising, but those budgets are attached to higher expectations," Johnson stated. "Marketers need a way to measure their effectiveness from lead to revenue." Those who can't show results, he warned, may be forced to cut costs and headcount instead.

The good news is that demand generation programs can address all of these challenges. They create an efficient and reliable process to identify and engage these empowered buyers, to turn quality leads into revenue, and to establish the link between marketing-sourced leads and revenue.

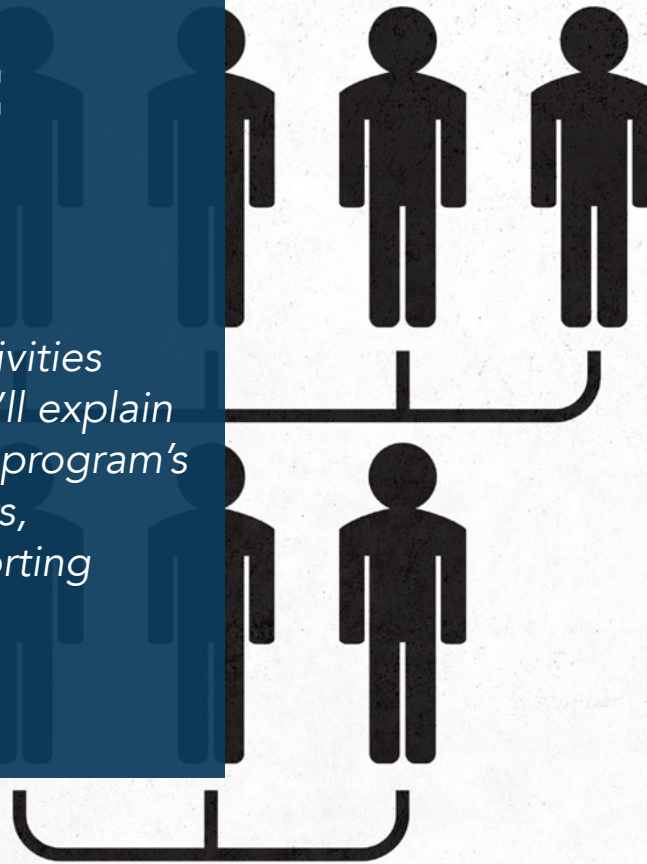


"Marketers need a way to measure their effectiveness from lead to revenue."

JANELLE JOHNSON
Sr Director of Demand Gen,
Act-On Software

Putting Demand Generation to Work: 7 Core Capabilities

Next, let's take a closer look at the key activities within a demand generation program. We'll explain how each of these pieces contributes to a program's lead quality, conversion, and revenue goals, and we'll also discuss the important supporting role that technology plays at every step.



7 CORE CAPABILITIES

1. Web Insights and Inbound Marketing

An organization's website is one of its most important demand generation assets. It's where you observe "digital body language." The actions people take reveal their interests, pain points, content preferences, and urgency – and give you insight. According to marketing, sales, and business coach Jay Hidalgo, this type of insight is vital to building targeted demand generation programs. "It's kind of like Christmas shopping for your kids: The same present doesn't cut it for every one of them," he explained. "The best gifts are suited for who they are and what they like." A website is also the foundation for inbound marketing tactics that attract and engage prospects – a great way to improve both the quantity and quality of leads flowing into your demand generation machine. Many inbound tactics involve content offers, blog posts, and other website resources, and many inbound optimization techniques are focused here, too:

PROSPECTING AND ANALYTICS TOOLS

that capture digital body language and make these insights available for lead scoring, nurturing, and other activities

LANDING PAGES AND FORMS

that attract and convert your website visitors into active prospects

SEARCH ENGINE OPTIMIZATION (SEO) TOOLS

that help you keep your website and content visible online

Best-in-class demand generation programs usually rely on a marketing automation platform to combine all of these capabilities in a single, integrated package. Marketing automation connects these activities with other elements of a demand generation program, such as lead scoring, lead nurturing and social media support. It also integrates insight from your website and inbound activities into the big-picture view: the lead conversion, sales, and revenue impact of your demand generation efforts.

2. Content Marketing

Think of content marketing as the fuel that powers an organization's demand-gen engine. Data from the 2014 Demand Gen Report B2B Buyer Behavior Survey illustrates why: 75% of executives say they rely more on content to research purchases than they did a year ago, and 64% say a vendor's content had a significant impact on their buying decision.²

Content is even more valuable due to its impact on other demand generation activities:



INBOUND MARKETING AND LEAD GENERATION:

Content powers the inbound marketing activities that "pull" prospects into your sales funnel. Quality content drives awareness, engages prospects, and even impacts your website SEO tactics.



LEAD NURTURING:

High-quality content keeps prospects interested and engaged during the lead nurturing process – making it more likely they will eventually contribute to your sales pipeline.



LEAD SCORING:

High-quality Content consumption habits are usually an important part of a lead scoring model, but marketers must supply appropriate and relevant content to make this process work.

All of these activities depend on your ability to match content with a prospect's individual pain points, readiness to buy, content preferences, and other characteristics. It's another example of how the insight you gather about your prospects' needs and preferences can impact the quality of your demand generation activities.

"Marketers don't have a lot of room for error in their content programs," Johnson said. "There's so much content available today, and most of it isn't targeted very effectively. If you can align content with a prospect's real needs and pain points, you've got a big advantage built into your demand generation process."

7 CORE CAPABILITIES

3. Lead scoring

As a rule, only about 25% of the new leads your organization identifies are actually ready to buy.³

This creates a few big questions:

- How do you recognize sales-ready leads?
- How do you know when the other 75% have changed their minds?

Demand generation programs use lead scoring to come up with the answers. Lead scoring uses a points system to assign values based on a person's online and offline behavior, such as actions that indicate growing sales readiness. When prospects score enough points – based on how your organization defines a quality lead – they're tagged for sales follow-up or some other response.

Lead scoring is one of the most powerful weapons in a marketing arsenal. It uncovers sales opportunities that might otherwise be impossible to recognize, and it is also a great way to build an efficient demand generation program.

According to MarketingSherpa, organizations that use lead scoring see a 77% lift in their lead generation ROI.⁴

Many marketing automation platforms support lead scoring, but the best combine two features:

- **FAST AND SIMPLE SETUP:** Look for lead scoring tools that simplify the process of building a scoring model based on common buyer behavior, interests, and demographics.
- **CUSTOM CAPABILITIES:** Advanced marketers need the ability to tailor their scoring models to specific criteria without sacrificing usability.

Finally, as we'll discuss below, lead scoring is much more effective when marketing and sales work together to define the scoring criteria. "You absolutely need shared lead definitions, qualification criteria, funnel stages, and so on," Hidalgo said. "Without that, a lead score is just an arbitrary number that lacks context and won't tell you anything meaningful."



"If you can align content with a prospect's real needs and pain points, you've got a big advantage built into your demand generation process."



JANELLE JOHNSON
Sr Director of Demand Gen,
Act-On Software

4. Lead Nurturing

Even with a good lead scoring process, marketers face another big question: what to do with all of those leads that aren't sales-ready, but might be in the future. Given that sales cycles keep getting longer, this question keeps getting more important.

Lead nurturing gives your demand generation program a process for mining this rich source of revenue. The process uses a series of timed contacts, or "touches," to provide content that helps prospects move through the [buyer's journey](#). Even if a prospect isn't ready to buy today, lead nurturing builds a trusted relationship that makes it more likely they'll come back in the future when their situation changes.

The challenge, as Jay Hidalgo pointed out, lies in tailoring a nurture process to a prospect's needs. "There is often a lack of understanding of the buyer: who they are, what they want, which messages will ring true to them," he said. "Lead nurturing can't succeed without the right insights."

Marketing automation addresses this challenge and others in several ways:

- Gathering insight from sources, such as inbound and website activity;
- Applying rules to decide how, when and why to contact prospects;
- Combining lead nurturing and scoring activities;
- Offering easy-to-understand reporting tools and CRM integration.

According to Cari Baldwin, the most progressive marketers view lead nurturing and scoring as a single, integrated activity. "Smart marketers are educating prospects via nurturing, and determining their readiness via scoring," she said. "The result is a more sophisticated and productive conversation with a sales rep when the lead is ready to take that step."



"Smart marketers are educating prospects via nurturing, and determining their readiness via scoring."



CARI BALDWIN

President and Founder,
Bluebird Strategies

7 CORE CAPABILITIES

5. Social Networking

Social networks today aren't just a consumer marketing tool. According to the **2014 Demand Gen Report Content Preferences Survey**, 75% of B2B executives get more of their content than they did a year ago through social networks or peer connections, while 78% share content on LinkedIn, and 59% share on Twitter.⁵

This data suggests that social networks matter for demand generation. Besides impacting lead generation activities, they may also influence prospects' vendor selection and buying decisions.

Social activity shouldn't feel like a massive undertaking; it should be efficient and fit seamlessly into your other demand generation activities. The social capabilities built into a marketing automation platform can be a good starting point, especially if they include the ability to publish content automatically over social channels, give your prospects easy "one click" social-sharing support, and employ tools like lead capture forms to identify and convert social followers.



6. Campaign Measurement

Building a successful demand generation process involves a lot of work, but it's still just half the battle. The other half depends on your ability to measure and track marketing effectiveness every step of the way from lead to revenue.

Marketing analytics can be an intimidating topic, but the best demand generation programs begin with a few fundamental capabilities:

- Measuring the entire lead lifecycle – connecting marketing-sourced leads to closed deals and revenue.
- Breaking down the impact of various lead sources, allowing marketers to measure the impact of multi-channel marketing efforts.
- Real-time insight that supports faster and more accurate marketing decisions; for example, being able to see where a lead is in the funnel.
- Tools that allow marketers to test and experiment with new tactics and content.
- CRM integration that closes the loop on an organization's end-to-end tracking and reporting processes.

Remember that even the best analytics depend on accurate and consistent data. That means selecting analytics tools that integrate seamlessly with the technology supporting your lead scoring, nurturing, web and inbound, social and other demand generation tactics.

It's also important to establish the sales and marketing teamwork that enables lead-to-revenue reporting processes. "If you can't close the loop on your lead-to-revenue lifecycle, then you're not really tracking anything useful," Gaffney explained. "It's that end-to-end visibility that allows you to measure and predict revenue impact."

***Even the best analytics
depend on accurate
and consistent data.***

7. Align Marketing and Sales

Demand generation is a team sport. It isn't just about coordinated marketing tactics; it also requires teamwork between sales and marketing: shared processes, priorities, and goals.

This sounds like a win-win situation: Marketing proves its business value and sales gets plenty of high-quality leads. Yet, according to one recent survey, marketers cited alignment with sales as one of their biggest demand generation challenges — just behind perennial challenges, such as lack of staff resources and budgets.⁶

Both sides are often to blame. Marketing blames sales for letting good leads go stale; sales sees low-quality marketing leads as a waste of time. Both sides may define terms like “qualified lead” in different ways – and that, by itself, is enough to derail the demand generation process.

If you want to win at demand generation, treat it as a team sport. Talk to your sales colleagues about a demand generation agenda, including:

- Shared definitions of key terms;
- Shared standards for scoring, qualifying and following up on leads; and
- Specific goals around lead quality and follow-up time.

According to Jay Hidalgo, successful teamwork requires both sides to dial back what can be a contentious relationship. “You can't just communicate your side of the story; you have to be willing to listen and to accept criticism,” he advised. “If you're a marketer, you have to look at things from the sales point of view – to understand their mindset.”

Technology (such as CRM, sales force automation, and marketing automation) also plays an important role in building a strong sales and marketing relationship. For leading organizations, technology enables:

- **FASTER LEAD FOLLOW-UP:** According to one study, firms that contact leads within an hour of receiving a query were seven times as likely to qualify that lead. That's why it's so important to automate the lead routing and follow-up processes within your demand generation program.
- **CLOSED-LOOP REPORTING:** Sales and marketing teams need a “single view of the truth,” using integrated reporting processes to measure progress against common goals.
- **BETTER PROSPECT ENGAGEMENT:** Sales and marketing teams should use the same insight about prospects to guide their communication and content offers, for consistency and reinforcement.

Conclusion

Marketing Automation Sets the Stage for Demand-Gen Success

According to some estimates, the marketing technology landscape now includes almost 1,900 vendors in 43 different product categories – and it's only getting bigger.

Even with so many choices, one stands out: Marketing automation is the foundation for almost every activity within a demand generation program. We've already discussed some key examples:

- Using website activity and inbound marketing tactics for lead generation, and applying prospects' digital body language to other demand generation activities;
- Building, scheduling and following through on lead nurturing programs;
- Employing lead scoring to identify high-value prospects;
- Targeting prospects with effective and engaging content;

- Supporting closer teamwork between sales and marketing;
- Enabling easy and seamless social media programs; and
- Allowing comprehensive, lead-to-revenue measurement of demand generation programs.

Marketing automation is also a great way to jump off into your own demand generation program. Many organizations begin with a few key tactics, such as inbound marketing and simple lead nurturing programs, and experiment with their ability to identify and engage with prospects. This lays the groundwork for more advanced lead scoring, nurturing, reporting and other activities.

“It's vital to take a strategic approach to demand generation: Get clarity around your messaging, your initial targets, and a basic content marketing program.”

CARI BALDWIN

President and Founder,
BlueBird Strategies

Conclusion

Marketing Automation Sets the Stage for Demand-Gen Success (continued)

“We know we can’t do it all at once,” Baldwin said. “It’s vital to take a strategic approach to demand generation: Get clarity around your messaging, your initial targets, and a basic content marketing program. Also focus on mapping and scheduling everything, right from the start.”

Jay Hidalgo amplified Baldwin’s advice that marketers begin a demand generation effort with a clear understanding of their ideal targets. “Since it’s about the buyer, they should start with the buyer,” he stated.

“Build buyer personas, define their buying process, and create a buyer-centric content blueprint.”

Finally, Hidalgo said, marketers need patience during this process. “You’ll face pressure to get this done quickly and to generate leads right away, but that’s the wrong approach. Treat this like a marathon – not a sprint – and it will pay off.”

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About Act-On Software

Act-On Software is a marketing automation company delivering innovation that empowers marketers to do the best work of their careers. Act-On is the only integrated workspace to address the needs of the customer experience, from brand awareness and demand generation, to retention and loyalty. With Act-On, marketers can drive better business outcomes and see higher customer lifetime value. The Act-On platform provides marketers with power they can actually use, without the need for a dedicated IT resource.



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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.

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