

THE STATE OF THE SALES/MARKETING FUNNEL



A Demand Metric Benchmark Report
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IN PARTNERSHIP WITH



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INTRODUCTION

The classic B2B sales and marketing funnel is a model that has served marketers well for decades. An entire ecosystem of job titles, roles, responsibilities and technologies now exists around the funnel. Funnel management has evolved as a science with precise measurements that marketers use to manage and optimize a set of complimentary tools, processes and relationships that have to work in harmony to pull things through the funnel. But whether marketers realize it or not, they're no longer working with their grandfather's funnel.

A sustained period of barely perceptible change with the funnel has taken most marketers to an unfamiliar place. Top of funnel performance in the not too distant past was often the worst. It was predictably unreliable, with a chronic shortage of leads to feed the more efficient, demanding and hungry sales process at the bottom. An expansive collection of tools, technologies and solutions has been directed at the funnel's traditionally weak point – the top – to increase the inflowing leads from a trickle, to a stream to now in many cases, a deluge. While marketers welcome the lead flow, for most it simply moves the problem to another funnel location.

The reality for many marketers is they now have more people interacting with their content. There are ever greater numbers of things to follow-up on, to route, to track and to push through the funnel. Demand Metric, in partnership with MRP, has completed a study about the current state of the funnel. The "funnel flow" survey measured how well leads flow through the sales and marketing funnel. This report shares the data and analysis from this research effort, providing insights on how to optimize the flow of leads through the funnel.

EXECUTIVE SUMMARY

Over three-fourths of this study's participants were from B2B or mixed B2B/B2C organizations, approximately 70 percent of which report revenue growth during the past fiscal year. The respondents come from a diverse set of industries, with the largest segment coming from the technology hardware or software sector. Companies with less than \$10 million in annual revenue comprised 44 percent of the survey sample, while 20 percent of firms reported annual revenues of \$500 million or more.

The analysis of this study's data provides these key findings:

- ✓ Study participants report that the top of the funnel delivered the desired outcomes well or very well 54 percent of the time, compared to 45 percent for mid-funnel and 34 percent for the bottom of the funnel.
- ✓ Just less than one-third of study participants are satisfied or very satisfied with the results that their sales/marketing funnel produces.
- ✓ Half of the study's participants have formal definitions or agreements in place for Marketing Qualified Leads (MQLs), and 57 percent for Sales Qualified Leads (SQLs).
- ✓ The use of ABM, supplemental data, lead scoring and business development/inside sales representatives correlate strongly to greater top-of-funnel success.
- ✓ More budget for demand generation, more or better marketing technology and a better understanding of target markets/customers are tied for the greatest challenges to capturing leads at the top of the funnel.
- ✓ More support from sales or management is the greatest challenge to migrating leads from top to mid-funnel.
- ✓ 70 percent of study participants expend moderate to substantial efforts to pull leads through from top to mid-funnel.

EXECUTIVE SUMMARY

- ✓ When Account-Based Marketing (ABM) is used, the percentage of study participants that rate their lead to MQL conversion rate as “Good” or “Very good” increases from 50 to 68 percent.
- ✓ At the top of the funnel, lead quality is of greater concern than lead quantity.
- ✓ More or better nurturing content and better data or metrics to guide improvement are tied as the greatest mid-funnel challenges.
- ✓ More than 80 percent of study participants expend moderate to substantial efforts to pull leads through from mid to bottom-funnel.
- ✓ Over half of the study’s participants report the number of leads in mid-funnel is short or far short of what is needed.
- ✓ Better insight into purchase intent is the greatest bottom-funnel challenge.
- ✓ 73 percent of study participants expend moderate to substantial efforts to pull leads from bottom-funnel to closed sale.

This report details the results and insights from the analysis of the study data. **For more detail on the survey participants, please refer to the Appendix.**

CURRENT STATE OF THE FUNNEL

The study established a baseline of performance for each major section of the funnel. Figure 1 depicts the funnel with a description of the goal for each major section, as well as how study participants rated the performance of each section.

How Well the Funnel Delivers Desired Outcomes

Percent responding “Well” or “Very Well”

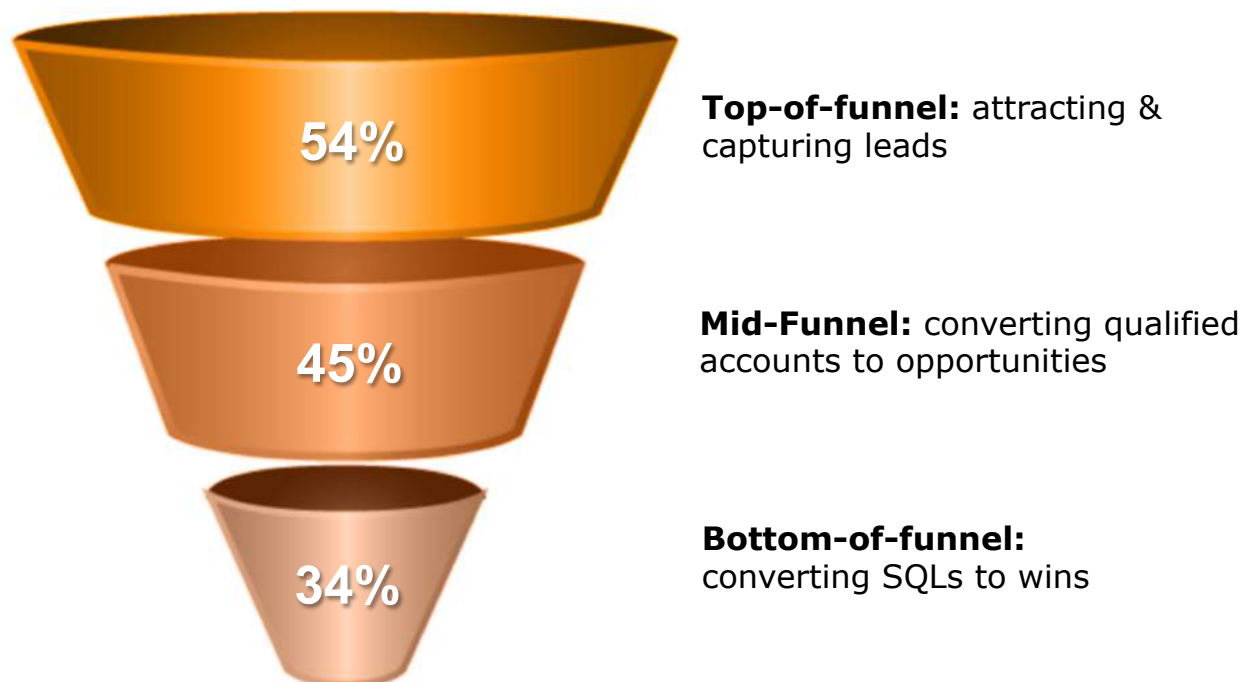


Figure 1: Funnel performance rating, by section.

Over half of the study’s participants felt the top-of-funnel processes worked well to deliver the desired outcomes, while just over one-third felt the same way about the bottom part of the funnel.

Another key baseline measurement was the overall satisfaction with the results the sales and marketing funnel produces. Figure 2, which appears on the next page, shares this assessment.

CURRENT STATE OF THE FUNNEL

Overall Satisfaction with Funnel Results

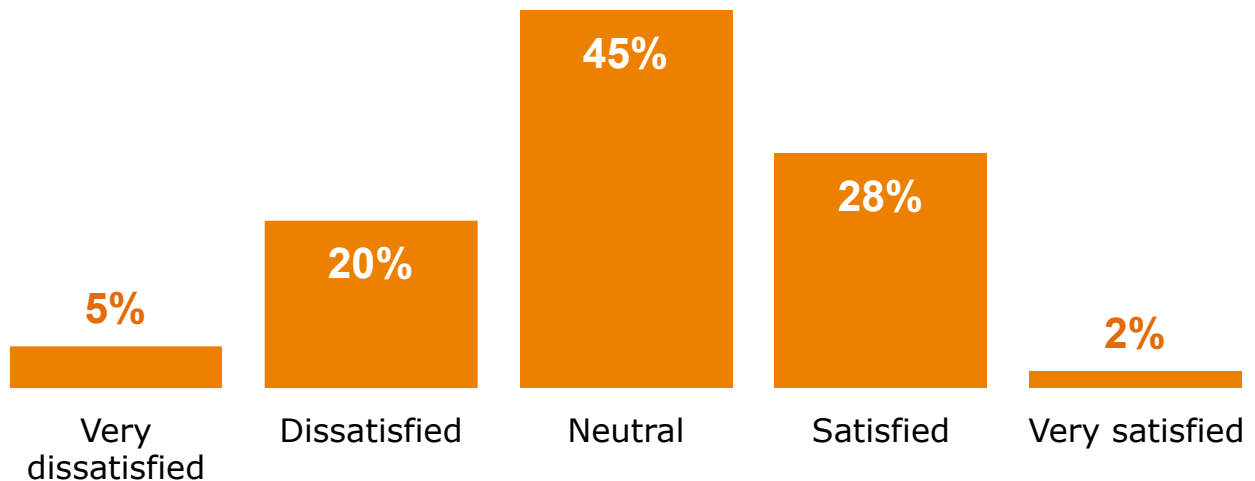


Figure 2: Funnel satisfaction follows a normal distribution.

Figure 2 shows a normal distribution of funnel satisfaction ratings, skewed slightly toward the satisfied end of the scale. Many factors indirectly influence or directly drive satisfaction, and this satisfaction data will serve as segmentation criteria to evaluate other results from this study. The goal of this analysis is to understand what tools, practices or processes serve as the biggest levers for improving funnel satisfaction.

The sales and marketing funnel model was once just a concept, a metaphor for how prospects became customers. As the funnel evolved, it became associated with more formality, as definitions and measurements were developed to describe its workings. In short, it went from concept status to becoming a key marketing process. Perhaps what has undergone the most evolution is the definition of a lead. Leads are the atomic units of the funnel, and where there were once just “leads”, the understanding of a lead has become much more nuanced.

CURRENT STATE OF THE FUNNEL

The study survey catalogued the extent to which participating organizations have formal definitions or agreements for the following types of accounts or leads:

- ✓ **Marketing Qualified Accounts (MQAs):** exist when multiple contacts within a company or account have engaged with your brand.
- ✓ **Automation Qualified Leads (AQLs):** exist when an inbound or outbound inquiry is stored in the Marketing Automation system, where it may be scored and routed to other funnel processes.
- ✓ **Marketing Qualified Leads (MQLs):** exist when a lead is judged, by some predetermined criteria, as more likely to become a customer compared to other leads.
- ✓ **Sales Qualified Leads (SQLs):** exist when a lead has shown some intent to buy.

Figure 3 summarizes the status of these account/lead type definitions or agreements.

Existence of Formal Definitions or Agreements

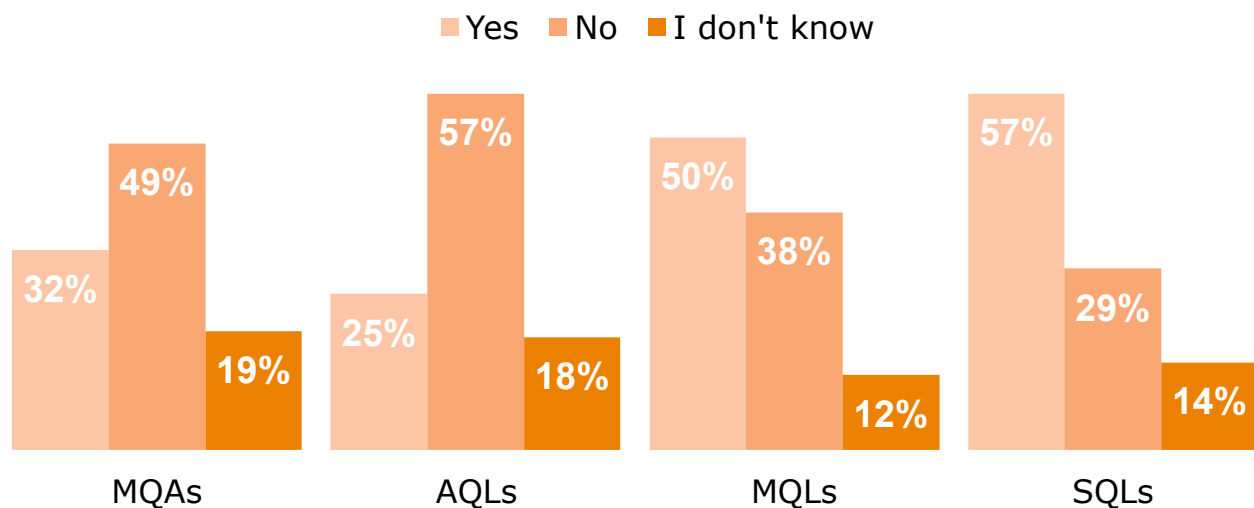


Figure 3: SQLs are most likely to have definition; AQLs least likely.

CURRENT STATE OF THE FUNNEL

The presence of formal definitions or agreements for the types of accounts and leads that are present in the lead stream is a funnel process maturity indicator. **When an organization is intentional about defining these lead types, a more mature funnel process is assumed.**

The data from this study bears out this assumption: **there is a strong correlation between the existence of formal definitions shown in Figure 3 and overall funnel satisfaction** shown in Figure 2. Figure 4 shows this relationship between lead definitions and satisfaction.

Impact of Having Definitions/Agreements for Leads on Funnel Results Satisfaction

■ High satisfaction w/funnel results ■ Low satisfaction w/funnel results

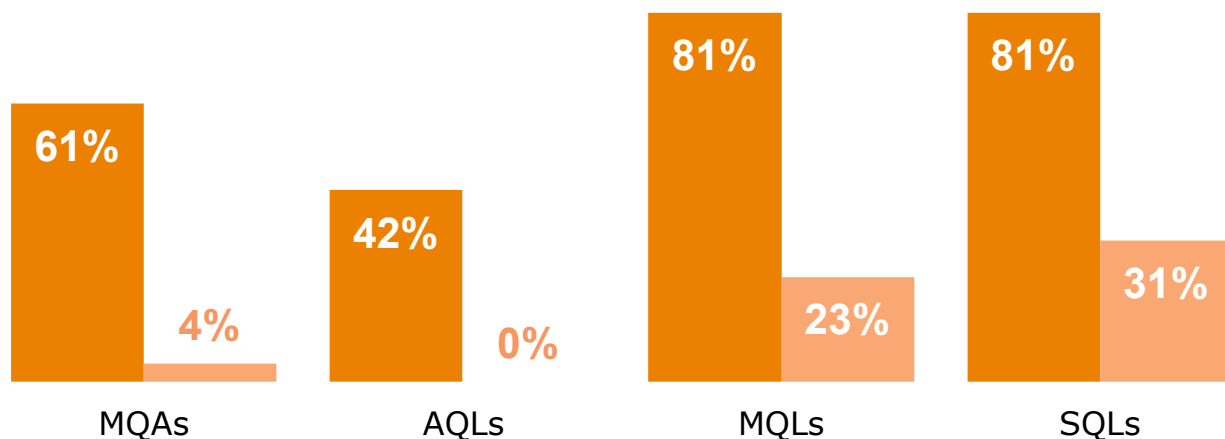


Fig. 4: Lead definitions or agreements drive satisfaction with funnel results in a big way.

To produce Figure 4, the study's funnel satisfaction data was segmented into "High" and "Low" funnel satisfaction segments. Each segment was evaluated to determine the prevalence of formal definitions or agreements for MQAs, AQLs, MQLs and SQLs. As Figure 4 makes so apparent, study participants in the "High" satisfaction segment were far more likely to have definitions in place: the average delta between satisfaction segments is an astonishing 52 percent!

CURRENT STATE OF THE FUNNEL

Simply putting definitions or agreements in place, however, doesn't ensure that your funnel will start producing better results and greater satisfaction. The benefit comes from how these definitions influence the way marketing and sales teams do the work of generating and qualifying leads, then closing sales.

The existence of formal definitions or agreements for accounts and leads also helps create a uniform view of how the funnel is working. Participants in this study included CEOs, presidents, marketing professionals, sales professionals and other non-marketing personnel. The participants were segmented into marketing and non-marketing groups, and there were differences in their perception of how well each major section of the funnel delivers desired results. These perceptual differences were quite pronounced in organizations that did not have a formal MQL definition or agreement, but aligned more closely when a definition or agreement was in place, as Table 1 shows.

Funnel Section Delivers Desired Outcome "Well" or "Very well"

	Top-of-funnel		Mid-funnel		Bottom-of-funnel	
	MQL Defined	MQL Not Defined	MQL Defined	MQL Not Defined	MQL Defined	MQL Not Defined
Marketing respondents	82%	50%	55%	36%	40%	32%
Non-marketing respondents	74%	21%	58%	46%	58%	29%
Delta	8%	29%	(3%)	(10%)	(18%)	3%

Table 1: When MQL definitions/agreement exist, perception of funnel outcomes is far more aligned between marketing and non-marketing staff.

CURRENT STATE OF THE FUNNEL

Table 1 makes it easy to see that when a formal definition or agreement exists for an MQL, the view of how the top and mid-sections of the funnel are performing is quite aligned. These top two sections of the funnel are where MQLs are born and migrated, and the impact of having a definition is critical to ensuring that all stakeholders have the same view of how the top and mid-sections of the funnel are performing.

The next three sections of this report will examine each major section of the funnel in detail, looking at the technologies, processes and challenges for each.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

Marketers generally have two concerns about their top-of-funnel lead generation process:

1. Are we generating enough leads?
2. Are the leads we're generating of good quality?

These concerns aren't an either-or proposition. Marketing must attract, capture and then migrate enough quality leads to the lower funnel portions for the revenue engine to run well. Figure 5 shares how study participants rated the top-of-funnel attributes of lead quantity and quality.

Top-of-Funnel Attributes Rating

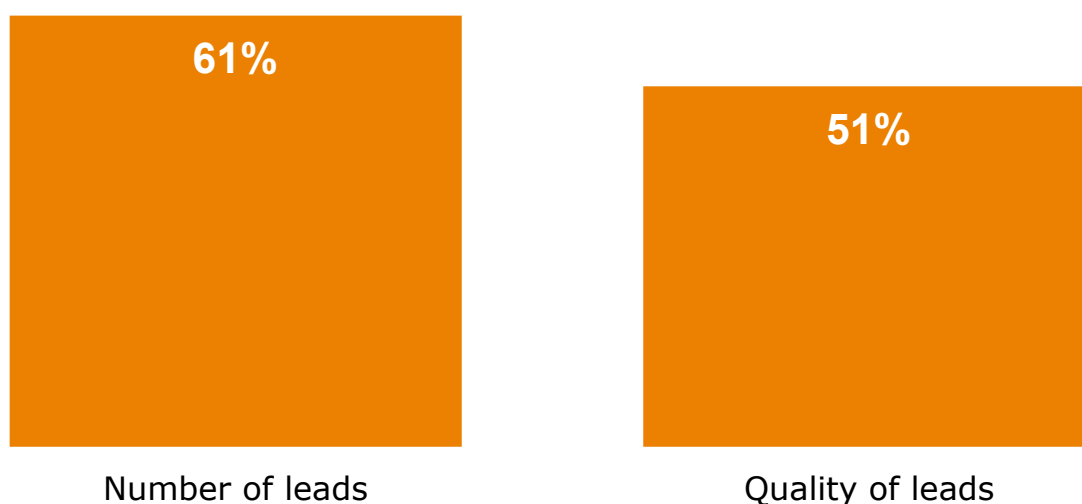


Figure 5: Top-of-the funnel is better at producing numbers of leads than quality leads.

According to Figure 5, study participants are having more success producing required numbers of leads than producing quality leads. Quantity and quality are lead attributes that marketers spend a lot of time trying to manage. For many, however, the push for larger quantities of leads is the only way of assuring enough quality leads are captured. A number of technologies play key roles on helping marketers optimize both quantity and quality.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

Figure 6 displays importance ratings for a list of technologies or approaches that enable lead capture at the top of the funnel.

Technologies & Approaches Ratings for Capturing Leads

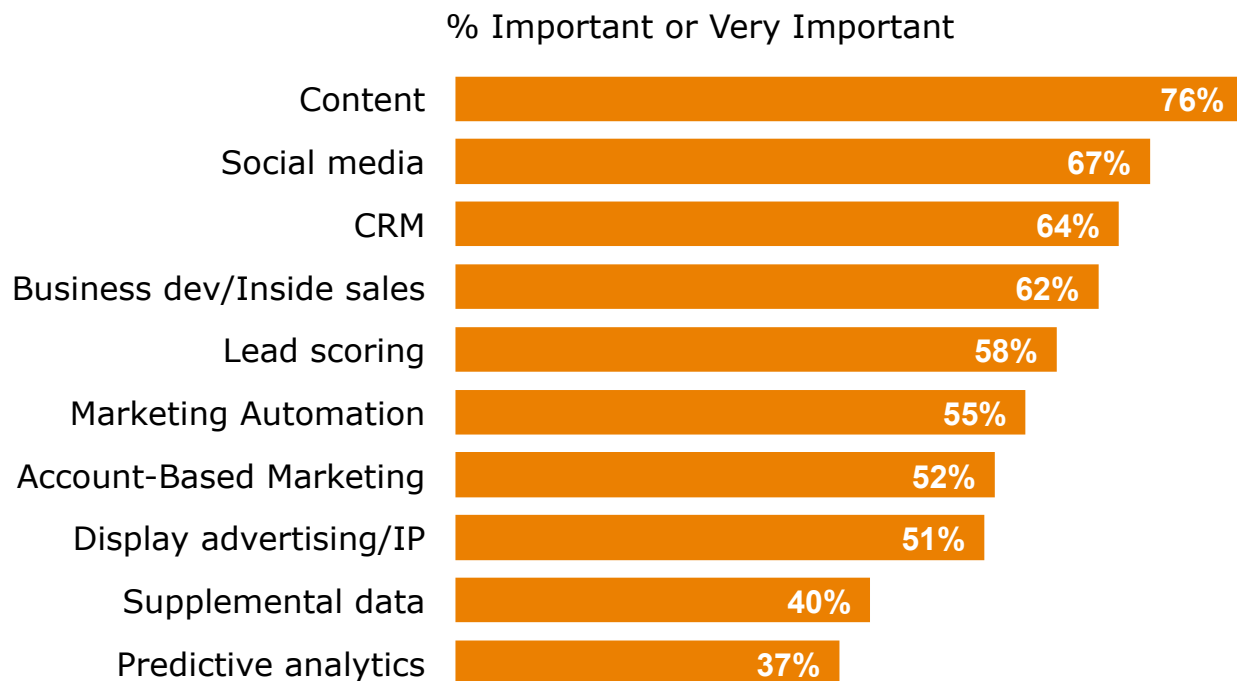


Figure 6: The relative importance of lead capture technologies and approaches.

That eight of the 10 technologies and approaches listed in Figure 6 are rated as important by over half the study's participants reinforces their key role in capturing leads. When analyzing the study's data, some of the items listed showed strong correlation to the number and quality of leads generated (Figure 5). The technologies and approaches that correlated to better ratings for the number and quality of leads coming in to the top of the funnel are:

- ✓ Number of leads: Account-Based Marketing (ABM), supplemental data, lead scoring and business development/inside sales representative.
- ✓ Quality of leads: supplemental data and lead scoring.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

An analysis of the data in Figure 5 compared the overall ratings shown there to ratings for study participants that also rated each of the correlated technologies or approaches as “Important” or “Very important.” Figure 7 shows this comparison.

Top-of-Funnel Attributes Rating Comparison: Overall to Correlated Technologies

■ Overall ■ When correlated technologies = Important or Very important

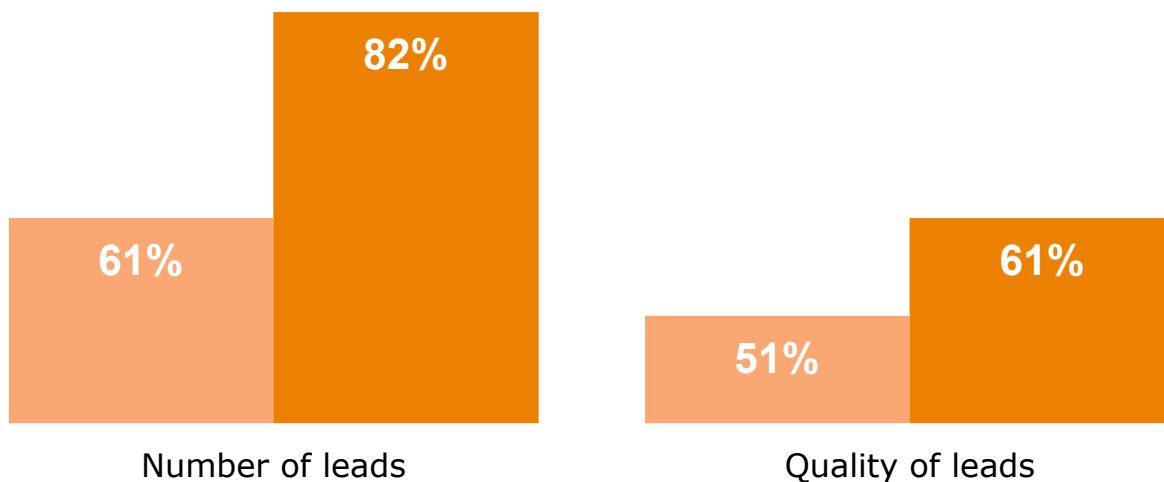


Figure 7: The importance attached to certain technologies and approaches translates into more and higher quality leads.

The assumption that underlies Figure 7 is that technologies and approaches considered important are also in use. In the case of the rating for number of leads captured, when the correlated technologies/approaches of ABM, supplemental data, lead scoring and business development/inside sales reps are also considered important, that rating increases from 61 to 82 percent!

In similar fashion, the quality of leads rating, when the correlated technologies/approaches of supplemental data and lead scoring are also considered important, sees a rating increase from 51 to 61 percent.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

One of the lessons in this data is that **the right technologies and approaches are powerful levers for lifting funnel process performance. They are not merely conveniences, but necessities.** Another lesson is that there are no “magic bullet” solutions, as **the best process performance comes from blending and integrating several technologies and approaches.** ABM, for example, is a proven solution for increasing the number of leads in the top of the funnel. When it is implemented using supplemental data and lead scoring, it works even better.

Attracting leads is the traditional way of understanding what goes on in the top of the funnel. However, to consider the top-of-funnel process a complete success, those leads can’t remain there, but they must migrate to the mid-portion of the funnel. The importance of technologies and approaches for helping migrate leads is summarized in Figure 8.

Technologies & Approaches Ratings for Migrating Leads to Mid-Funnel

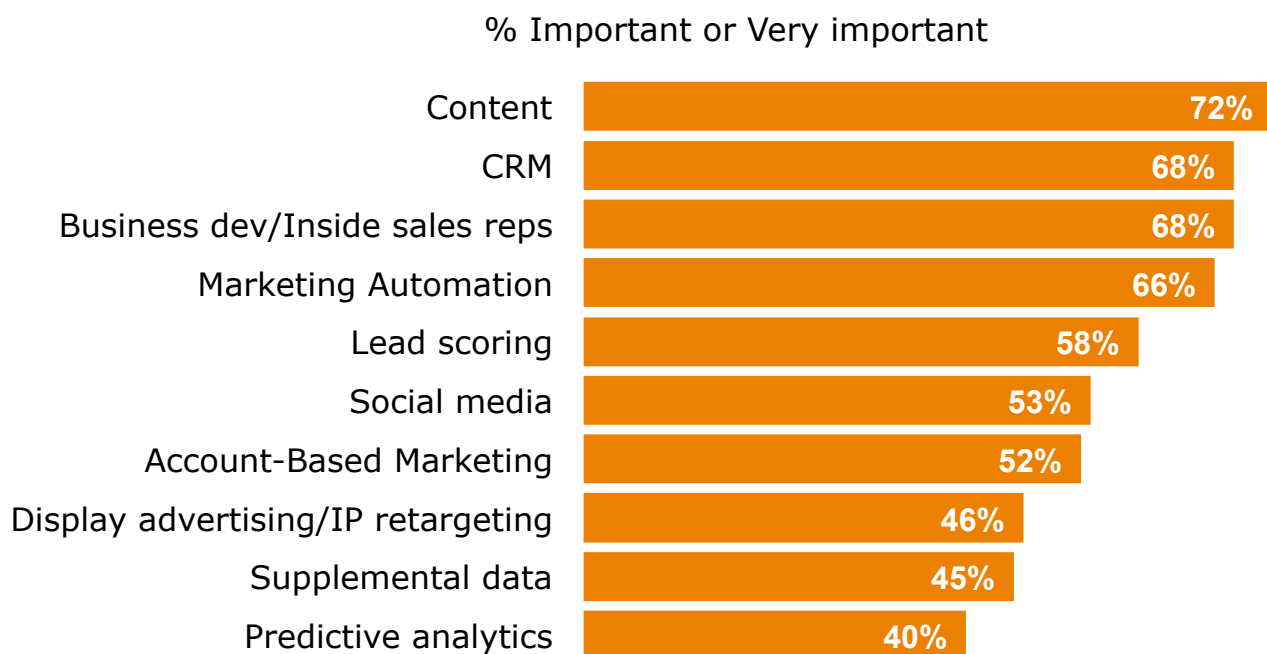


Figure 8: The relative importance of lead migration technologies and approaches.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

If you compare the lead capture technologies and approaches of Figure 6 with those in Figure 8, some changes become evident. CRM has vaulted to second place in importance as a lead migration technology, and marketing automation has moved up two spots to fourth place. Social media, on the other hand, is more important for lead capture, occupying the second spot in Figure 6, but dropping to sixth place for lead migration.

Marketers face a number of challenges as they attempt to capture leads at the top of the funnel and then migrate them to the mid and bottom funnel sections. Figure 9 shows how study participants ranked the severity of the challenges they deal with at the top of the funnel.

Challenges Experienced Capturing & Migrating Leads From Top to Mid-Funnel

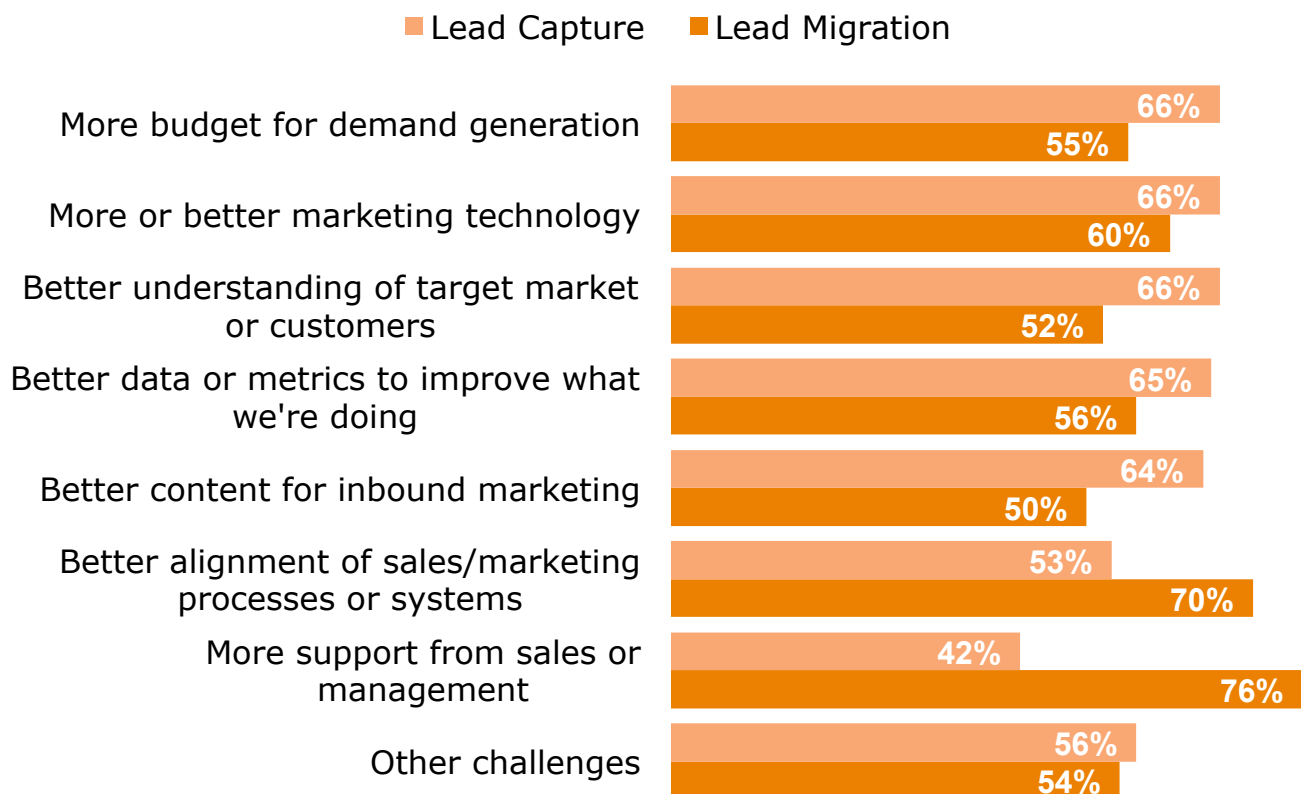


Figure 9: The relative severity of lead capture and migration challenges.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

The challenges differ in some interesting ways for capturing and for migrating leads. The biggest difference is a 34 percent increase from capturing to migrating leads for the “More support from sales or management” challenge. **This signals an over-emphasis on lead capturing, but a lack of attention on what must follow to qualify or convert leads.** The next largest delta of 17 percent was for the “Better alignment of sales/marketing processes or systems” which again suggests a lack of emphasis on what to do with leads once they are captured.

For the lead capture challenges, the top five challenges are experienced equally: budget, technology, market understanding, metrics and content pose high and equal levels of challenge for study participants. For all but one lead capture challenge and all lead migration challenges, half or more of the study participants report experiencing them.

The survey question about challenges recorded an unusually high number of “Other challenges” responses, an indication of how broad the challenges are at the top of the funnel. Some of the write-in comments shared by study participants in their “Other challenges” responses include:

- ✓ “More time to understand the ever-changing web scenario, SEO and Google rankings.”
- ✓ “Leveraging digital technology more.”
- ✓ “Sales doesn’t use CRM”
- ✓ “Human Resources”

At the top of the funnel, the goal is to capture and migrate leads, so the most crucial metric for most marketing organizations is conversion rate from lead to MQL. The study looked at how clear the conditions are under which a lead becomes an MQL, the marketing effort required to pull a lead through to mid-funnel, and the lead to MQL conversion rate. Figure 10 shares the findings on clarity of conditions under which leads become MQLs.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

Clarity of Conditions for Leads to Become MQLs

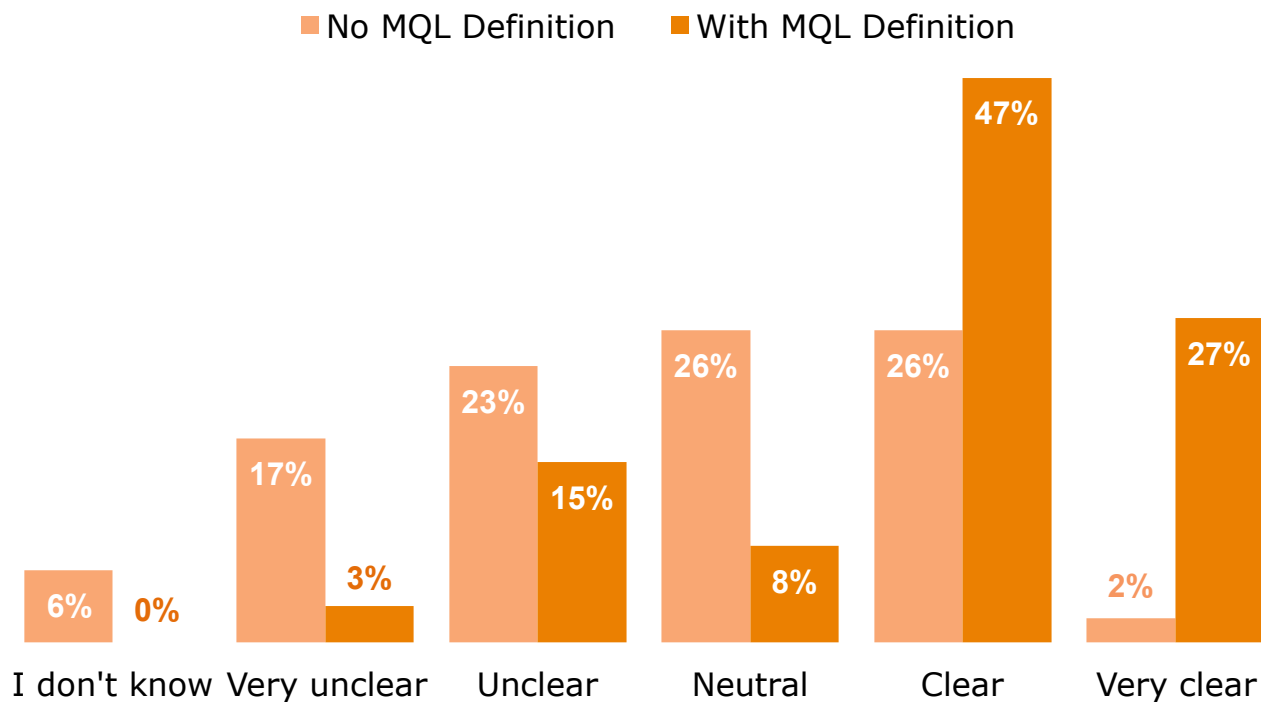


Figure 10: Having a formal definition or agreement for MQLs creates much clarity around when a lead becomes an MQL.

Almost three-fourths of study participants have clarity about the conditions under which leads become MQLs when they also have a formal definition or agreement in place for MQLs. By contrast, when no such definition exists, almost three-fourths of participants are neutral, unclear or simply don't know the conditions under which leads become MQLs and migrate. The clarity percentage was over 80 percent for study participants with MQL definitions in place. **These definitions are more than just words: they create clarity and provide direction that enables better process performance.**

The amount of marketing effort and/or resource required to pull leads through from top to mid-funnel is shown in Figure 11, which appears on the next page.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

Marketing Resource/Effort Required to Pull Leads to Mid-Funnel

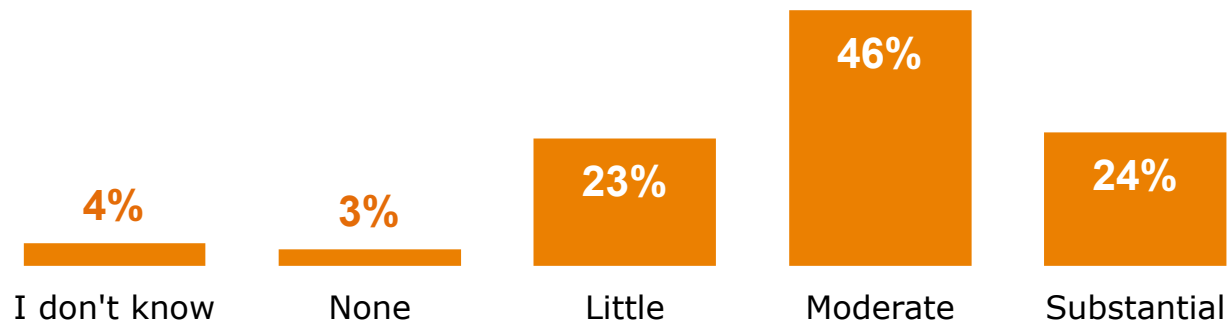


Figure 11: 70 percent of study participants expend moderate to substantial efforts to pull leads through from top to mid-funnel.

Most marketers report that the resource effort to pull leads through to mid-funnel is moderate to substantial, and as this report will discuss, this migration from top-to-mid is the least effort and resource intensive of the migrations from one section of the funnel to the next.

The rate at which leads convert to MQLs is a key metric for most demand generation processes, and Figure 12 reports on this study's findings in that area.

Conversion Rate from Lead to MQL

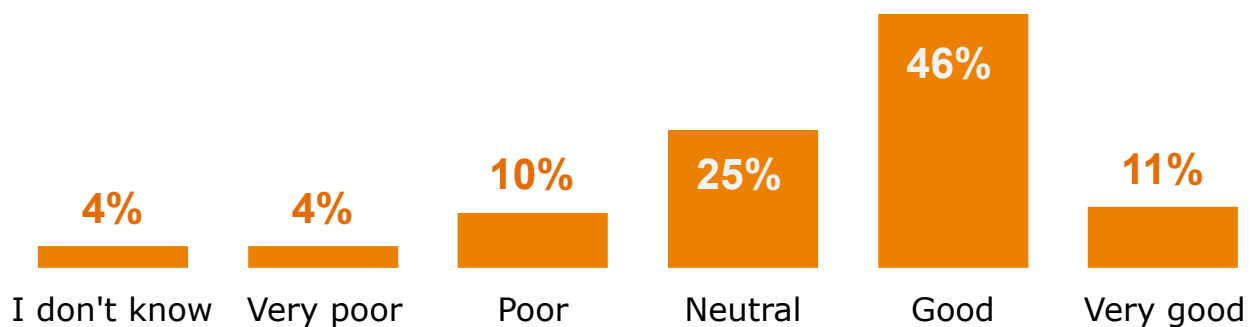


Figure 12: Less than 15 percent of study participants report a poor conversion rate.

TOP-OF-FUNNEL: CAPTURING & MIGRATING LEADS

One lead capture technology correlated very strongly to the conversion rate data shown in Figure 12: ABM. Table 2 compares the conversion rate differences for those in the study that indicated ABM was important and those that indicated it was not important.

	Lead to MQL Conversion Rate			
	I don't know	Poor & Very Poor	Neutral	Good & Very Good
ABM is Important or Very Important	0%	16%	16%	68%
ABM is Very Unimportant to Neutral	8%	14%	28%	50%

Table 2: The importance of ABM is reflected in the lead to MQL conversion rate.

The higher conversion rate associated with ABM as shown in Table 2 results from capturing more qualified leads to begin with, thus producing leads that convert at a higher rate.

The next section of this report will examine the mid-section of the funnel in detail.

MID-FUNNEL: NURTURING LEADS

The starting point for evaluating the status of the mid-section of the funnel is the relative number of leads respondents are nurturing there, as summarized in Figure 13.

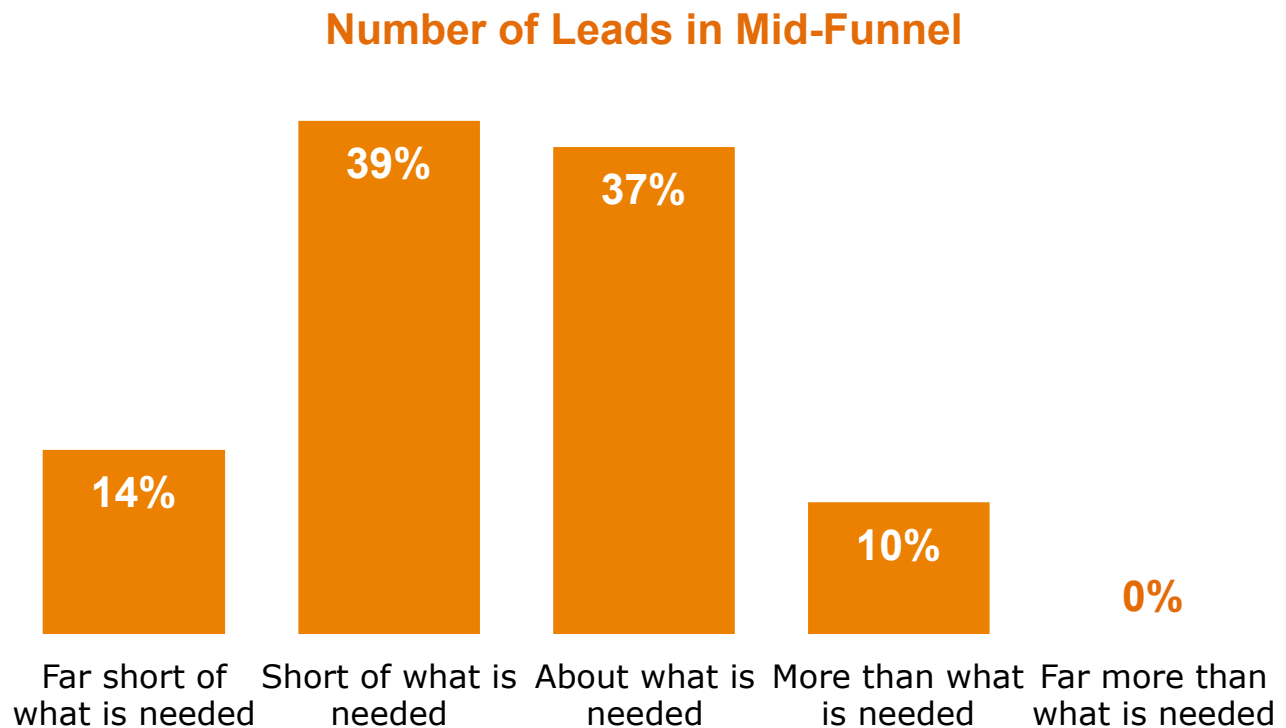


Figure 13: An almost even split exists between those who don't have enough leads mid-funnel and those with enough or more.

Many of the same technologies and approaches that facilitate lead capture and migration in the top of the funnel continue to have importance mid-funnel, but their application changes slightly. For example, CRM's importance is in tracking the various "touchpoints" customers have with a brand, and also for synchronizing the tactics in use.

ABM remains in the picture mid-funnel as well, not for attracting new leads, but for expanding the set of contacts within an account or buying center.

MID-FUNNEL: NURTURING LEADS

Figure 14 shows the relative importance assessment for various mid-funnel technologies and approaches.

Technologies & Approaches Ratings for Improving Mid-Funnel Results

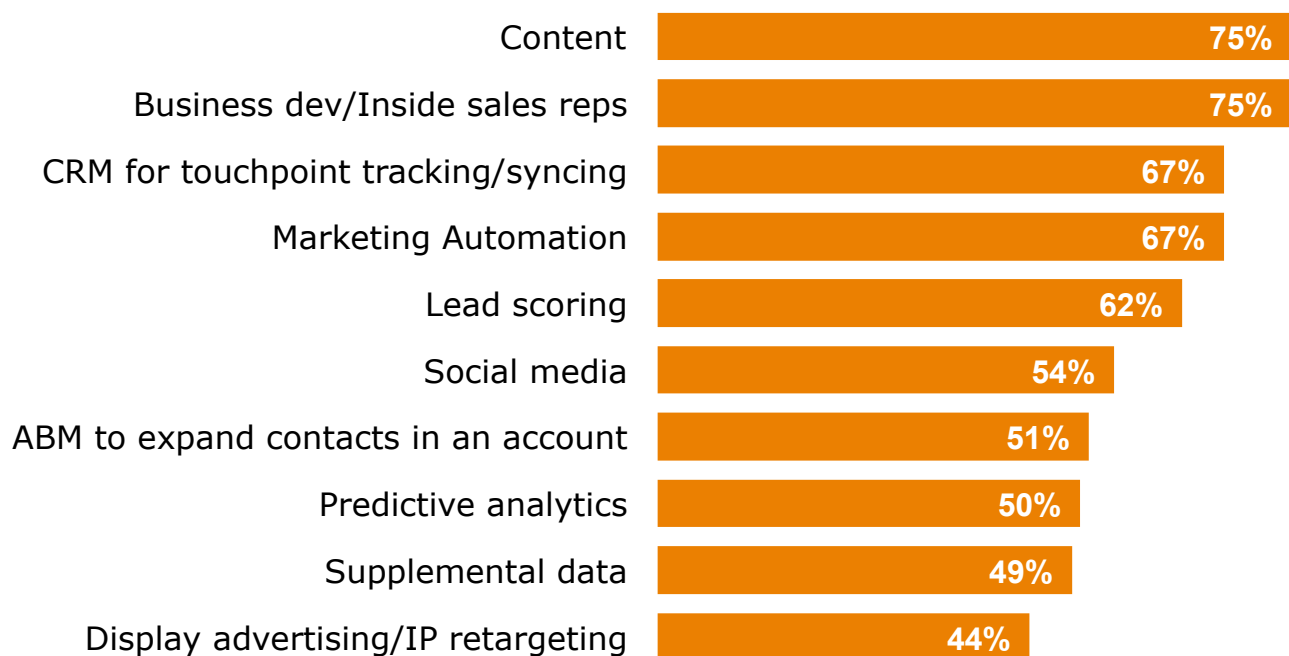


Figure 14: Content continues as the most important approach.

Content, which is atop the list of approaches for capturing (Figure 6) and migrating leads (Figure 8) continues to occupy a position of great importance mid-funnel. It is joined by the approach of using business development/inside sales representatives, having climbed from fourth in importance for lead capture, to third for lead migration and now is tied for first with Content.

Marketers face a new set of challenges in mid-funnel during the process of lead nurturing. Figure 15, which appears on the next page, shares those challenges ranked by how many study participants reported experiencing them.

MID-FUNNEL: NURTURING LEADS

Mid-Funnel Challenges



Figure 15: The relative severity of mid-funnel challenges.

Whatever the challenges marketers and sales teams face in mid-funnel, they are not experienced as broadly as top-of-funnel challenges. None of the challenges listed in Figure 15 are experienced by more than half of the study's participants, while all of the lead migration challenges listed in Figure 9 are felt by half or more of those in this study.

As was the case at the top of the funnel, the conditions under which leads qualify to move from one section of the funnel to the next are not always clear. The greater the clarity, the less friction involved in migrating leads. In the case of moving leads from mid to bottom-funnel, a number of the technologies and approaches from Figure 14 correlate to greater clarity about the movement of leads. These are:

- ✓ CRM for touchpoint tracking or synchronizing tactics in use
- ✓ Predictive analytics
- ✓ Lead scoring
- ✓ Content

MID-FUNNEL: NURTURING LEADS

Analysis of these technologies that correlate to greater clarity of migration from mid to bottom-funnel shows that when any of the four are deemed “Important” or “Very important”, clarity about lead migration improves. When all four were deemed “Important” or “Very important” by study participants, the clarity improves substantially. Figure 16 compares the overall lead movement clarity against the clarity when all four correlated technologies or approaches are viewed as important.

Clarity of Conditions for MQLs to Become SQLs

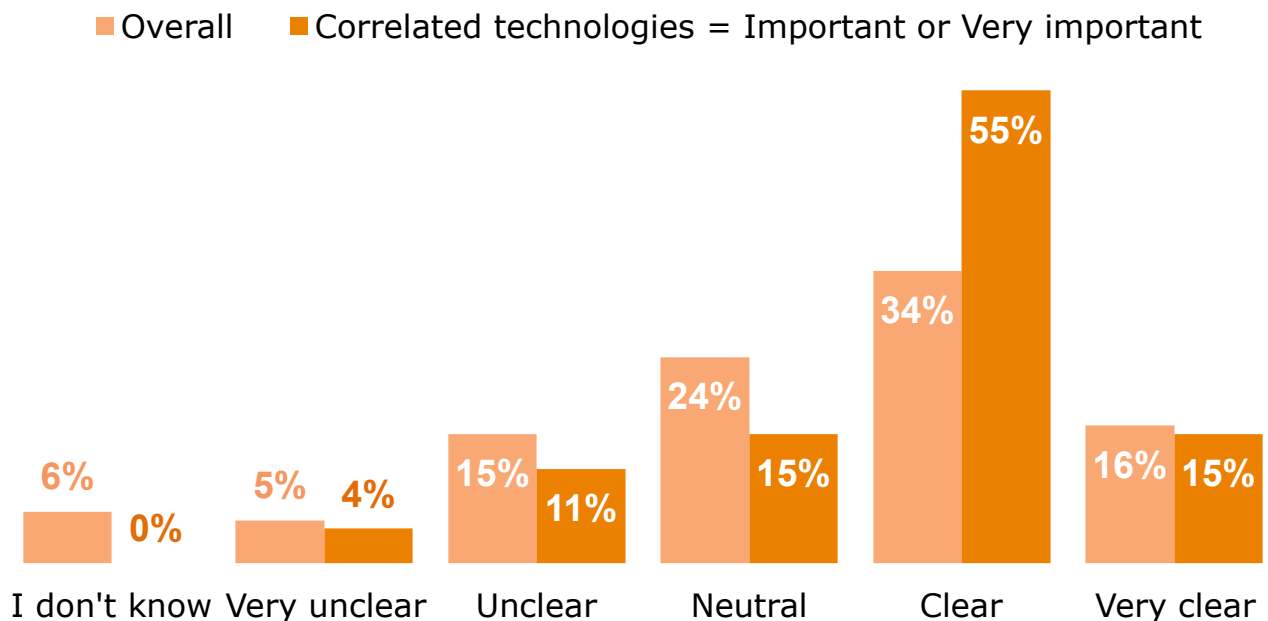


Figure. 16: Certain technologies or approaches are important to creating clarity around the condition under which an MQL becomes an SQL and moves to the bottom of the funnel.

Half of the overall sample reports a level of clarity of “Clear” or “Very clear” but clarity levels rise to 70 percent when all four of the technologies or approaches represented in Figure 16 are deemed “Important” or “Very important”, a difference of 20 percent. **The significance of this finding is worth serious consideration, because taking friction out of the flow of leads through the funnel is the equivalent of accelerating revenue realization.**

MID-FUNNEL: NURTURING LEADS

The amount of marketing effort and/or resource required to pull leads through from mid to bottom-funnel is shown in Figure 17.

Marketing Resource/Effort Required to Pull Leads to Bottom-Funnel

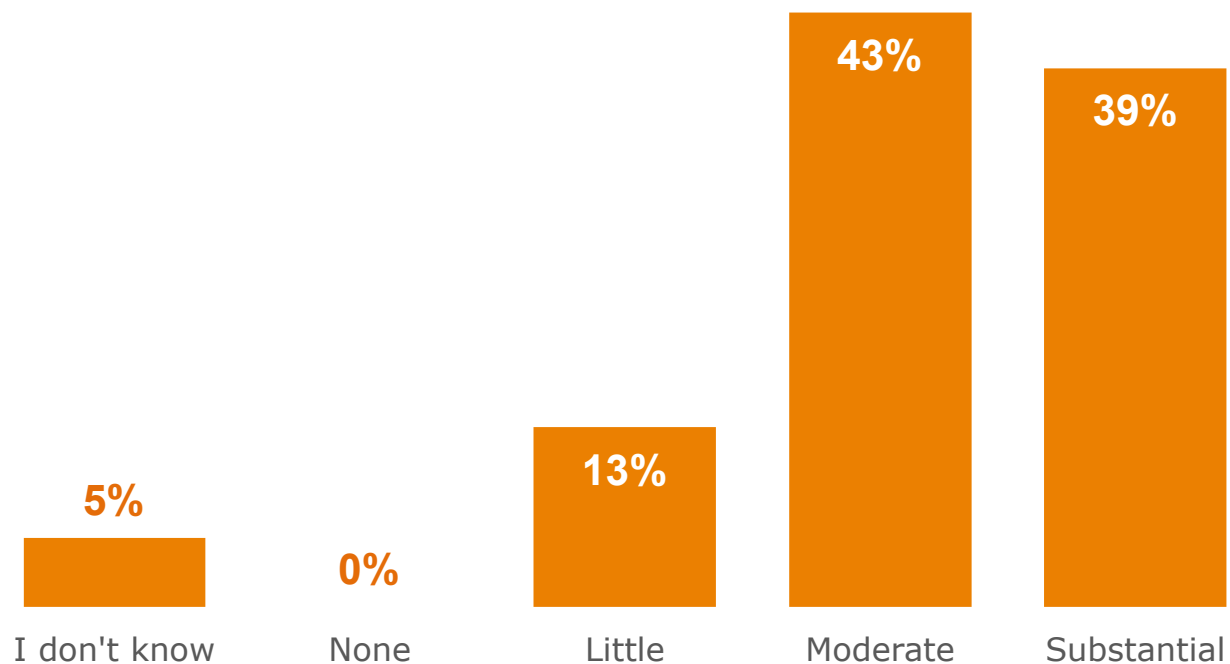


Figure 17: More than 80 percent of study participants expend moderate to substantial efforts to pull leads through from mid to bottom-funnel.

The effort and/or resource required to pull leads through from mid to bottom-funnel is greater than is required to pull leads through from top to mid-funnel (Figure 11). As shown here, the effort is moderate to substantial for 82 percent of study participants, compared to 70 percent from top to mid-funnel. A later section of the report will show the effort required to pull leads from bottom-funnel to closed sale, **but the passage from mid-to-bottom is the most resource intensive transition in this study.**

MID-FUNNEL: NURTURING LEADS

The rate at which MQLs convert to SQLs is also a key metric for most demand generation processes, which Figure 18 summarizes.

MQL to SQL Conversion Rate

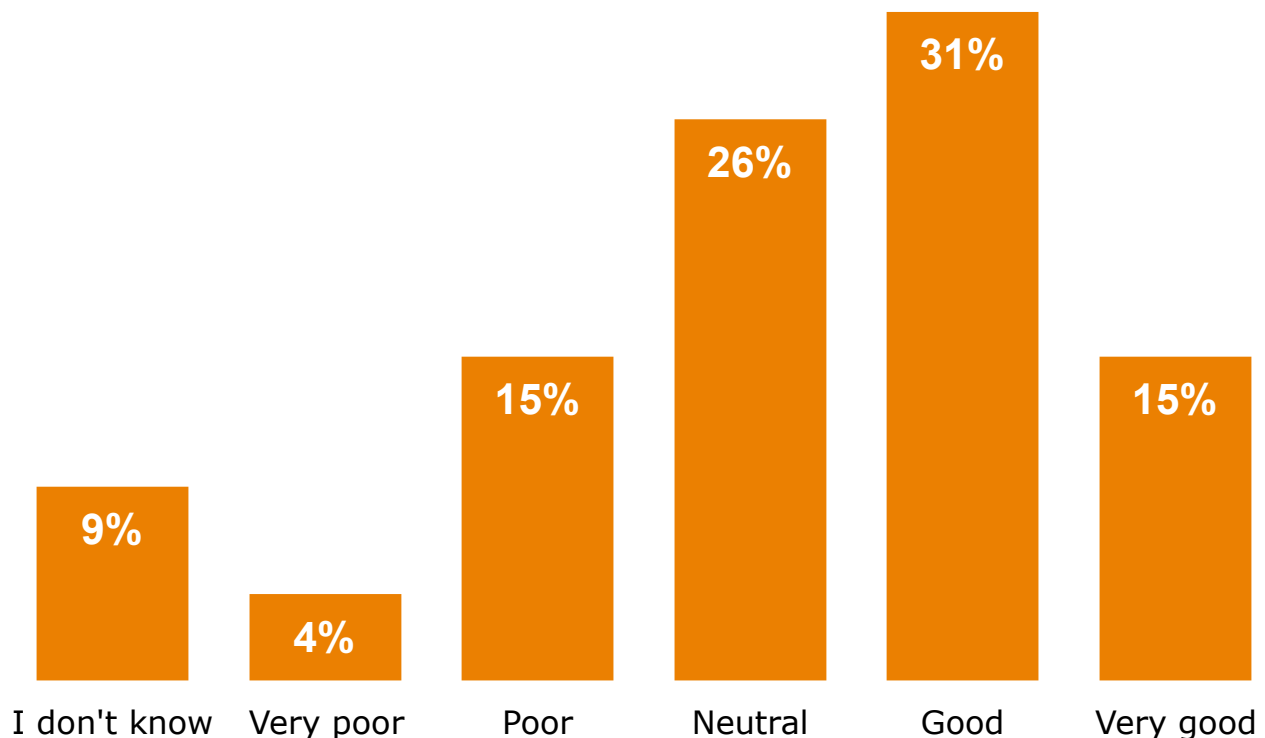


Figure 18: Almost 10 percent of study participants don't know their conversion rate to SQL.

As Figure 17 shows, the passage from mid-to-bottom of the funnel is the most difficult, and the conversion data shared in Figure 18 validates that finding: 19 percent of study participants report that their MQL-to-SQL conversion rate is poor, compared to 15 percent for the Lead-to-MQL conversion rate.

Ensuring clarity around the conditions under which MQLs become SQLs (Figure 16) has a favorable impact on this conversion rate.

MID-FUNNEL: NURTURING LEADS

Table 3 compares the conversion rate differences for those in the study where the conditions are “Clear” or “Very clear” and those where the conditions are “Very unclear” or “Unclear.”

	MQL to SQL Conversion Rate			
	I don't know	Poor & Very Poor	Neutral	Good & Very Good
Conditions for MQLs to Become SQLs is Clear or Very Clear:	5%	15%	21%	59%
Conditions for MQLs to Become SQLs is Very Unclear or Unclear:	18%	32%	18%	32%

Table 3: Clarifying the conditions under which MQLs become SQLs greatly impacts the conversion rate.

When data about how MQLs become SQLs is collected and analyzed, it is possible for marketers to understand the conditions that facilitate this migration. When the conditions are clearly understood, it becomes possible to build a repeatable, sustainable process around this mid-funnel conversion. Table 3 suggests that this is exactly what organizations that understand the conversion conditions well are doing.

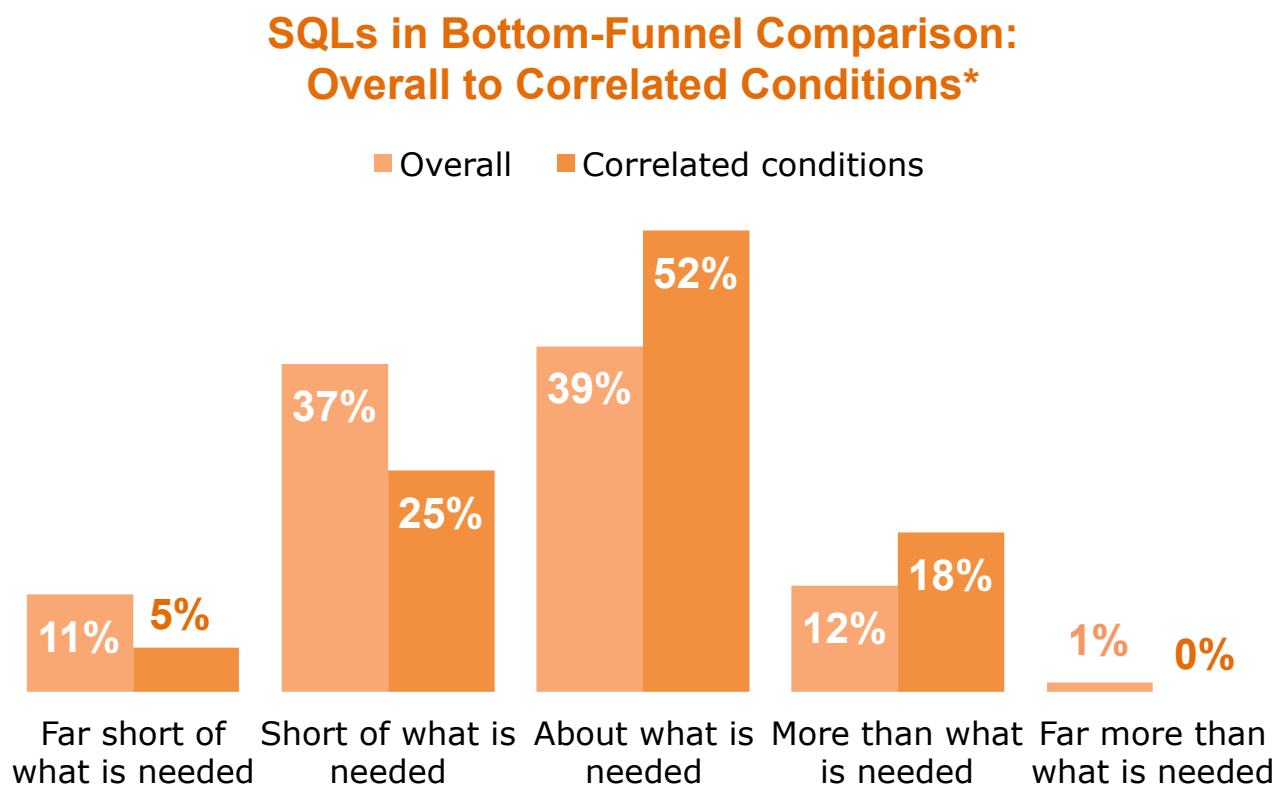
The next section of this report will examine the bottom section of the funnel in detail.

BOTTOM-FUNNEL: CLOSING SALES

Evaluating the state of the bottom section of the funnel begins with measuring the relative number of SQLs respondents are nurturing there. Two important conditions were identified in the analysis of the study's data that impact these numbers favorably:

1. The existence of a formal definition or agreement for an SQL (Figure 3).
2. The clarity of conditions under which MQLs become SQLs and move from mid to bottom-funnel (Figure 16).

Figure 19 shows this comparison.



* Correlated conditions: Formal definition of SQL exists & conditions for MQLs becoming SQLs are clear.

Figure 19: Having a definition for an SQL and creating clarity around when MQLs become SQLs boosts the adequacy of SQLs in the bottom part of the funnel.

BOTTOM-FUNNEL: CLOSING SALES

Most marketers would probably agree that having a formal SQL definition is wise, as is going to some length to clarify how MQLs become SQLs to move to the bottom of the funnel. Those same marketers would also probably underestimate the impact of ensuring those conditions were in place for their funnel. That impact, as Figure 19 reveals, is significant: 52 percent of the overall survey sample reports having enough SQLs in the bottom of the funnel. However, when the correlated conditions are in place, 70 percent report having enough SQLs. There is no real cost in taking the time to ensure that these correlated conditions are in place at the bottom of the funnel, and when they are in place, the impact is measurable.

Technology and approaches continue to facilitate success with bottom-funnel processes. Figure 20 shows the relative importance assessment for various bottom-funnel technologies and approaches.

Technologies & Approaches Ratings for Improving Bottom-Funnel Results

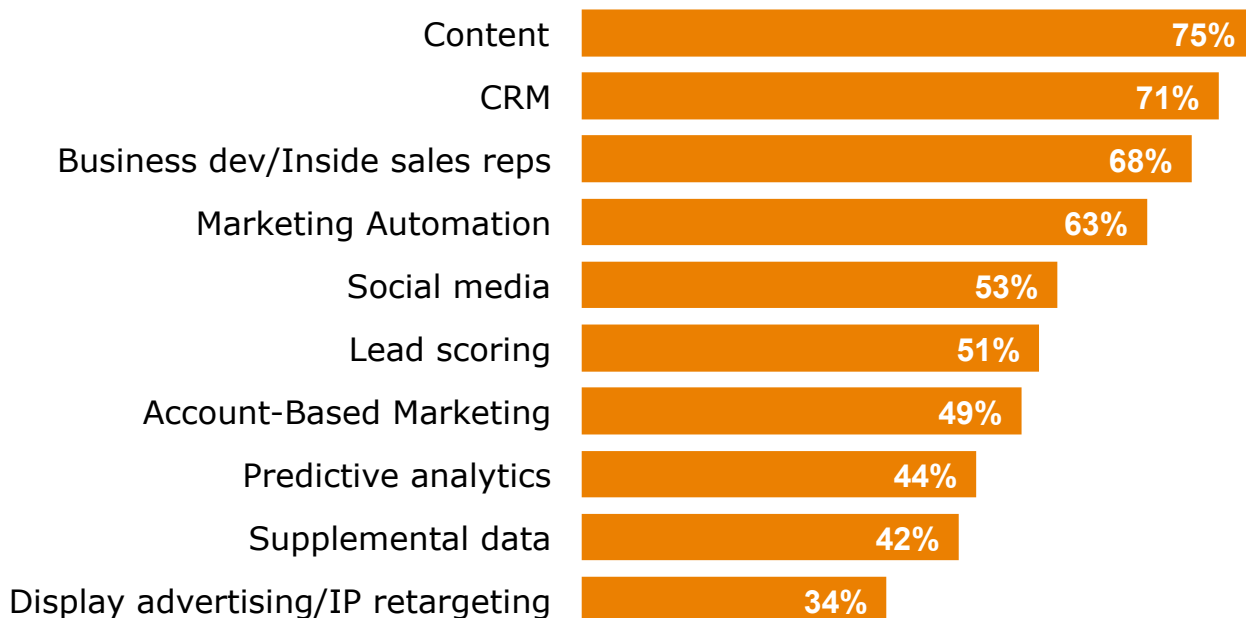


Fig. 20: Content is the top approach for improving top, mid and bottom-funnel results.

BOTTOM-FUNNEL: CLOSING SALES

The top four technologies and approaches that facilitate success in the top of the funnel (Figures 6 and 8), in mid-funnel (Figure 14) and at the bottom are the same, only the order has changed with one exception: Content is always ranked first. This finding validates conventional wisdom that Content, CRM, Business development/ Inside sales representatives and Marketing Automation are the pillars of the lead generation and qualification process.

The challenges that marketers and sales team members face at the bottom of the funnel have morphed some, and even where similar, they are experienced differently or to different degrees. Figure 21 shares how study participants ranked these challenges.

Bottom-Funnel Challenges



Figure 21: The relative severity of bottom-funnel challenges.

BOTTOM-FUNNEL: CLOSING SALES

Just one of the challenges listed in Figure 21 is experienced by more than half of the study's participants. Having accurate insight into the purchase intent of an SQL is a formidable challenge. But, the systems and tools exist to let marketing and sales teams have great certainty about the purchase intent of leads in the funnel. These bottom-funnel challenges are experienced less severely than the challenges reported at the top and mid-sections of the funnel.

The hoped-for outcome at the bottom of the funnel is for SQLs to become customers. Figure 22 shows how study participants assess the conversion rate from SQL to purchase.

Conversion Rate from SQL to Purchase

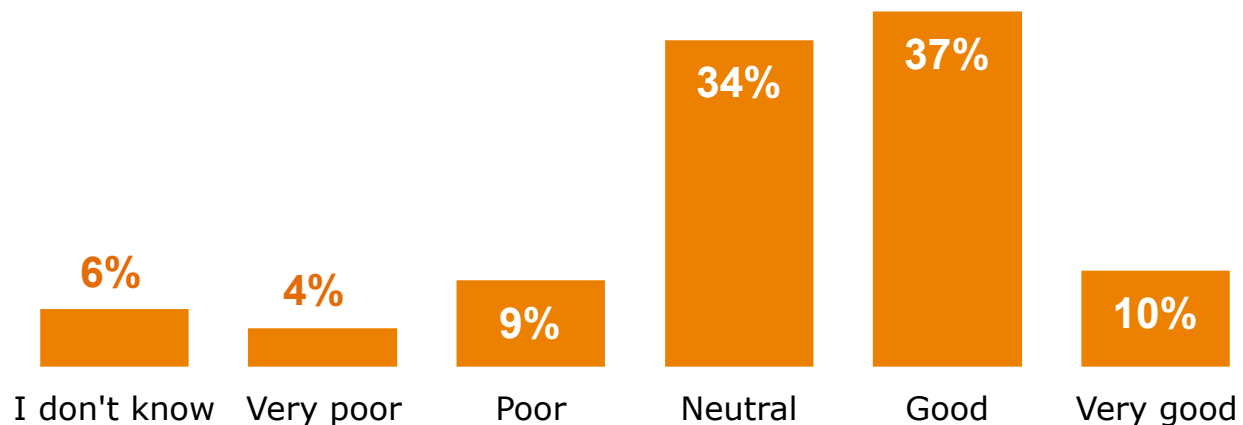


Figure 22: Almost half of the study's participants report that this conversion rate is good or very good.

This study has examined the conversion rates from lead to MQL, MQL to SQL and now SQL to purchase. The study data shows that the lead to MQL conversion rate (Figure 12) is most likely to be good or very good, while MQL to SQL (Figure 18) and SQL to purchase are very similar to each other. Marketers cannot afford to optimize just one of these three conversion rates at the expense of the other two. Conversions must occur well at all three points in the funnel, as a good conversion rate at the bottom will not make up for a poor conversion rate at the top or mid-point of the funnel.

BOTTOM-FUNNEL: CLOSING SALES

The amount of effort required to pull SQLs through to closed sales is summarized in Figure 23.

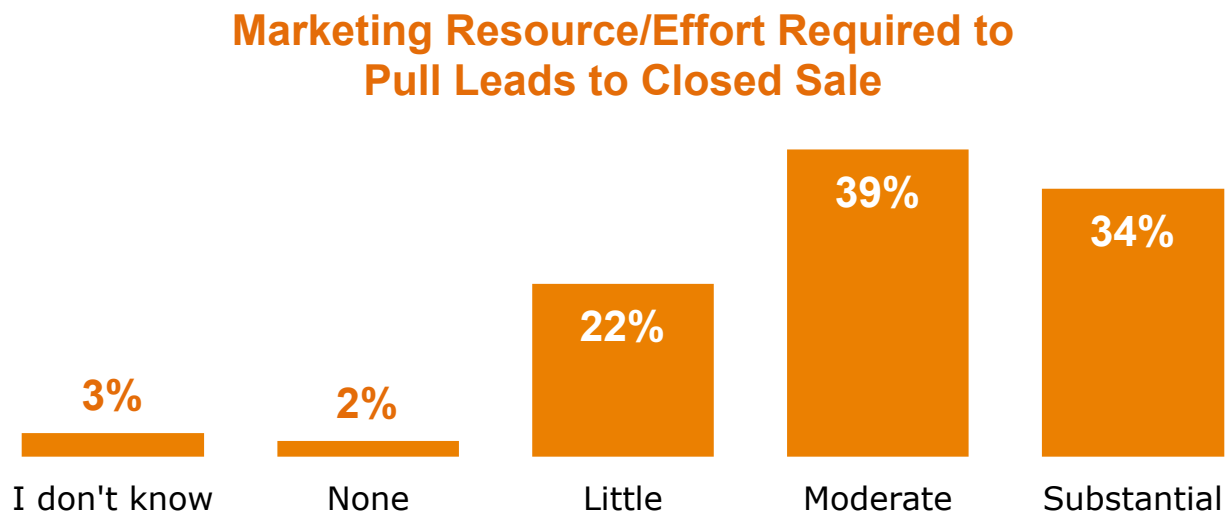


Figure 23: Almost one-fourth of study participants report little to no effort required to pull SQLs through from the funnel-bottom to a closed sale.

Figure 9 shows that marketers deal with the most challenges in the top of the funnel, but Figures 11, 17 and 23 show that the resources required to pull through leads from one funnel section to the next is greatest when migrating leads from mid-to-bottom. Table 4 summarizes this pull-through effort for each funnel stage.

Lead Pull-Through Effort	I don't know	Little to No Effort Required	Moderate to Substantial Effort Required
Top to mid-funnel	4%	26%	70%
Mid to bottom-funnel	5%	13%	82%
Bottom funnel to closed sale	3%	24%	73%

Table 4: Summary of lead pull-through effort for each funnel section.

BOTTOM-FUNNEL: CLOSING SALES

It is interesting to look at how various sections of the funnel perform, but marketers cannot to forget to take a holistic view of the funnel. What happens at the top of the funnel affects everything else, so optimizing the top of the funnel has a real “trickle down” benefit. As an example, the pull-through effort data from Table 4 is shown again in Table 5. The difference in Table 5 is that only survey responses indicating little or no effort is required to pull leads through from top-to-mid funnel are shown.

Lead Pull-Through Effort	I don't know	Little to No Effort Required	Moderate to Substantial Effort Required
Top to mid-funnel	0%	100%	0%
Mid to bottom-funnel	7%	29%	64%
Bottom funnel to closed sale	0%	33%	67%

Table 5: Summary of lead pull-through effort for each funnel section, for top-of-funnel effort responses of “None” or “Little” only.

It doesn't take a great deal of intuition to conclude that engineering top-of-funnel processes to minimize the resources, effort and friction of pulling leads through from top to mid-funnel creates benefits in lower funnel sections. Comparing Tables 4 and 5 confirm this intuition, and show just how much benefit results from top-of-funnel optimization.

ANALYST BOTTOM LINE

Figure 2 shares the overall satisfaction measured in this study for the results of the sales/marketing funnel: less than one-third of participants gave their funnel a rating of “Satisfied” or “Very satisfied.” This study identifies many opportunities for improving funnel performance. For example, many factors in the research correlate to greater funnel satisfaction, any of which provide a mechanism for improving funnel performance:

- ✓ Having a formal definition or agreement in place for SQLs
- ✓ Using ABM throughout all funnel stages, including the bottom
- ✓ Using Lead scoring
- ✓ Ensuring that the conditions under which an MQL becomes an SQL are clear

Figure 24 shows the impact on funnel satisfaction when each of these correlated factors is in place, including when all of them collectively are in place.

Funnel Satisfaction: Overall vs. Correlated Factors

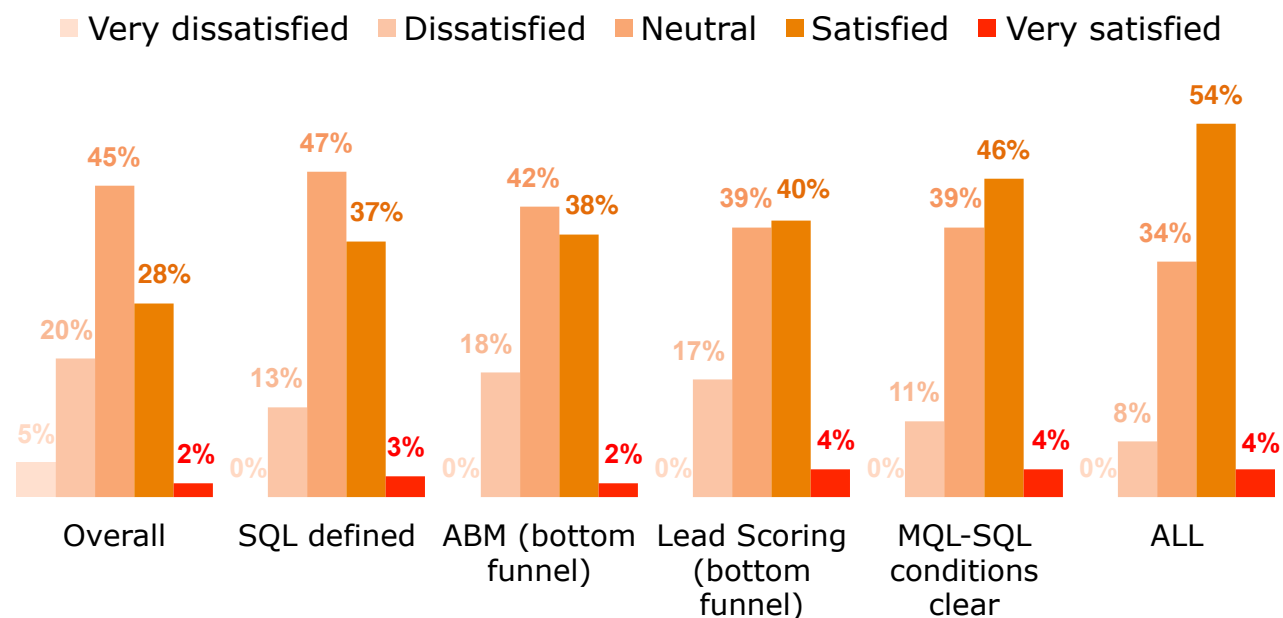


Figure 24: Satisfaction with funnel results improves considerably when these factors are in place, either individually or collectively.

ANALYST BOTTOM LINE

Figure 24 reveals a critical truth about the funnel: making one, small improvement provides measurable benefits. Take the example of having a formal definition or agreement in place for SQLs, which alone increases satisfaction levels 10 percent. When each of the factors listed in Figure 24 are in place, funnel satisfaction jumps from 30 percent overall to 58 percent, almost doubling!

The things that improve the funnel's performance are not outside the reach of any organization. They do, however, require leadership with the will to do them, and the discipline to manage and measure funnel processes differently.

This research reveals the following areas of focus for boosting funnel performance:

1. Establish definitions & clarity. The sales and marketing funnel is a process, consisting of people, technology and sub-processes. Processes that are vague and unstructured perform erratically, so a general process improvement strategy is to eliminate variation by defining the process and setting performance expectations. In the case of the funnel, satisfaction improves significantly when formal definitions or agreements exist for lead types (Figure 4). Furthermore, ensuring clarity about the conditions under which leads migrate from one section of the funnel to the next enables markedly better funnel performance.

2. Shore up the technology pillars. The discipline of managing the marketing function increasingly resembles managing software. Nowhere is this reality more evident than in the funnel. Having the right marketing technology stack is critical to success in the funnel. The technological pillars of the B2B funnel include: CRM, Marketing Automation, ABM, Predictive Analytics and Lead Scoring. The role of these technologies shifts in usage and importance depending on the funnel stage in which they are used. Collectively, these are the technology pillars of the sales and marketing funnel without which the funnel has little chance to function reliably.

ANALYST BOTTOM LINE

3. Content is still king. Any B2B lead generation manager or specialist knows of content's importance to the process. Content fuels the lead generation engine, and like any high-performance engine, high-octane fuel is required. Furthermore, the faster the engine needs to run, the more fuel it consumes. So it is with content, a component identified in this study as the most important enabling factor for each funnel stage. No savvy B2B marketer ever says "we have plenty of content" or "our content is too good." A well-defined process supported by the right technology is critical to funnel success, but without enough, high-quality content, the lead generation engine will stall.

4. People still matter. As critical as technology is to funnel success, it's not a fully automated process. There is a symbiotic relationship between people and technology in the funnel. Business development or inside sales representatives play a key role in migrating leads to lower funnel sections, and of course in closing sales. Set them up for success by defining lead types, qualification and migration criteria, and give them the content and tools they need to fully contribute to the funnel processes they enable.

This report has analyzed the funnel by section, but it is important to view the funnel holistically. Given that marketing typically owns the top of the funnel, sales the bottom and the middle section often has time-share ownership, it's easy to view funnel sections in isolation. But the funnel doesn't operate that way, and prospects moving through the funnel expect a seamless experience. Greatness at the bottom of the funnel won't overcome weakness at the top, or vice-versa.

Marketers and sales teams must work together to have a single, aligned view of what lead types are, how they migrate through the funnel, and support them with the right content and technology. When this happens, funnel performance and results will peak.

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About MRP

MRP is a global provider of marketing intelligence, software, and services. For over 13 years, clients have relied on MRP to drive pipeline and deliver the insights needed to more effectively sell to their key target markets. MRP's Delta Marketing Cloud combines predictive intelligence with integrated marketing tactics to deliver closed-loop marketing programs generating industry leading ROI and conversion. MRP has 12 offices and covers 100 countries around the globe and is a wholly owned subsidiary of the FD Group, PLC (LSE: FDP).

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Demand Metric is a marketing research and advisory firm serving a membership community of over 90,000 marketing professionals and consultants in 75 countries.

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APPENDIX: SURVEY BACKGROUND

This Funnel Flow Benchmark Study survey was administered online during the period of November 1st through December 30th, 2016. During this period, 162 responses were collected, 147 of which were qualified and complete enough for inclusion in the analysis. Only valid or correlated findings are shared in this report.

The representativeness of this study's results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance.

Summarized below is the basic categorization data collected about respondents to enable filtering and analysis of the data:

- ✓ Type of organization:
 - Primarily B2B 55 percent
 - Primarily B2C 24 percent
 - Mixed B2B/B2C 21 percent
- ✓ Primary role of respondent
 - President, CEO or owner 21 percent
 - Marketing 58 percent
 - Sales 12 percent
 - Other 9 percent
- ✓ Annual sales:
 - Less than \$10 million 44 percent
 - \$10 to \$24 million 8 percent
 - \$25 to \$99 million 14 percent
 - \$100 to \$499 million 14 percent
 - \$500 to \$999 million 5 percent
 - \$1 billion or more 15 percent

APPENDIX: SURVEY BACKGROUND

- ✓ Revenue growth environment in most recent fiscal year:
 - Significant increase 20 percent
 - Slight increase 51 percent
 - Flat 21 percent
 - Slight decline 5 percent
 - Significant decline 3 percent