Inbound Marketing

Buy-In, Budgets & Best Practices

Buy-In, Budgets & BEST PRACTICES

When you consider making inbound marketing part of your marketing strategy, there are a lot of questions that come up.

Is my website ready for inbound?

How much content do I need?

How will I manage all of my social media accounts?

Do I have to utilize paid search or PPC advertising?

Buy-In, Budgets & Best Practices

But before you wade into the inbound marketing waters, there's one very important question that many marketers forget to ask: How do I justify the budgets needed to move forward?

The truth is, your boss doesn't care about the tactics you use. He or she only cares about the results. Marketers must understand proving the value of their efforts in this data-driven world is key to securing the resources needed to be successful with inbound marketing.

This eBook is designed to provide you with the information you need to get the budget your inbound marketing efforts will require. It includes real-life examples of inbound marketing to help you understand just what works and what you need to be successful.

So let's get started.

Buy-In, Budgets & BEST PRACTICES

What Is Inbound Marketing?

Inbound marketing can be looked at many different ways: It's typically said inbound marketing is the process of creating quality content that is of interest to your target audience, and then publishing that content throughout many of your digital channels. The idea is to pull your prospects toward you. You do this by educating them and solving their problems.

Another way to look at inbound marketing is like a high performance race car: If you handle it just right, you can beat the competition to the finish line almost every time you take it out on the track.

Buy-In, Budgets & Best Practices

The Difference Between Outbound Marketing & Inbound Marketing

Outbound Marketing	Inbound Marketing
Marketing Campaign	Inbound Marketing
Product Centric	User Centric
Sales & Promos	Educate & Solve Problems
Short Term - Campaign	Not a Campaign - Ongoing
Bottom of Sales Funnel	Top & Middle of Funnel

If you had to break it down, looking at the arrows on the left:

Outbound marketing is usually product-centric. It says, "I have a sale or promotion! Buy from me now because I'm putting this message in front of you!" It's short-term, and we're sending our audience to the bottom of the sales funnel.

On the right, you look at the arrows:

Inbound marketing is user-centric. You educate them and solve their problems. It's not a campaign; you implement it continuously. We're always here as the go-to source for helping them. We're addressing them at the top and the middle of the sales funnel.

Inbound marketing is likely to be a different approach than what you are already doing. That means when you're getting started, you need to change the hearts and minds of many internal stakeholders. Without the support you need from your management team, **inbound marketing can be an uphill battle.** That's why you need to get buy-in from the very start.

Buy-In, Budgets & BEST PRACTICES

Getting Buy-In

Why is it so hard to get people on board?

That's a very common question because, for many people, it's hard to understand this change in marketing style.

Inbound Marketing is Not a Campaign

The most common thing inbound marketing is compared to is a marketing campaign. It is not a marketing campaign. This is a really hard hurdle for a lot of people to get by. Traditionally, businesses measured marketing as a campaign or project-driven type of entity. A certain amount of money is spent to create branding, messaging and media. They are sent out in a defined amount of time. Then the business sees how many sales it got compared to how much was spent, so it can determine return on investment.

Buy-In, Budgets & BEST PRACTICES

The reason inbound marketing is not a marketing campaign is because it addresses a different part of the buying cycle in your sales pipeline. In a typical marketing campaign, you're putting out a message and saying, "Buy from me right now!" Inbound marketing is going out to people before they are ready to buy and saying, "Let me help you solve your problems and educate you, so when it does come time to buy, you're more likely to turn to us." That's one of the biggest differences. **A marketing campaign is short-term, and inbound marketing is long-term.**

You don't want to go to management and say, "We really want to do this inbound marketing, we've been paying attention. Give us six months and some budget and we'll prove it to you as a test." That's exactly what one mid-sized company did. Team members said, "Well, we kind of believe in inbound marketing. We'll create some content, launch the campaign and go six months."

Here are that company's contact results:

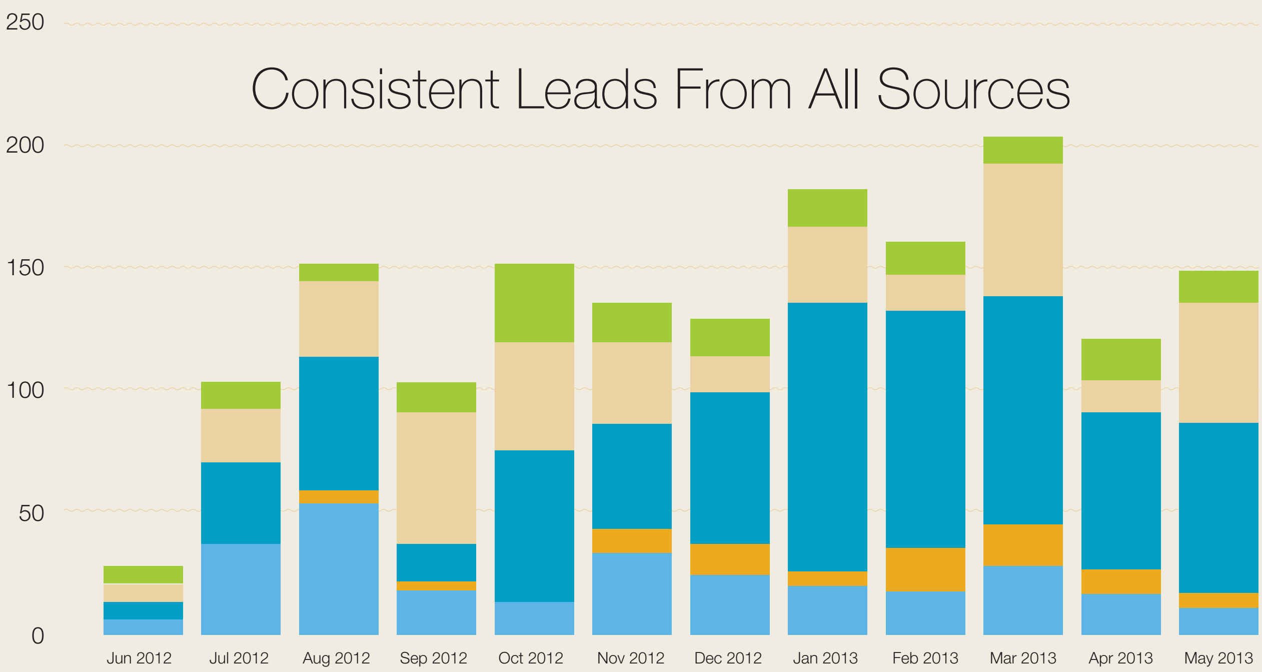
The chart above shows the new leads captured on the mid-sized company's website.
The color coded areas in the bar graph represent:

- Organic traffic in green
- Referrals in tan
- Email marketing in orange
- Direct traffic in blue

In this example, this mid-sized manufacturer created one piece of content and said, "Let's launch this, make a landing page, send out an email to our contacts or purchase lists." As you can see, in the very first month it looked like it was working very well. A lot of leads came in. But then look what happened in month two. Everything was cut into less than 50 percent. Month three, cut in half again. Months four and five have basically nothing. A little bit of a pop in month six because of additional advertising.

Overall, if you look at this with the absence of doing the things are usually involved in inbound marketing, it's considered a failure. If you take these results to a savvy management team, leaders are going to ask, "Well, okay why don't we just do more email marketing? Why don't we just buy more lists? We don't understand why you need to fund inbound marketing because that's all we've got here."

Now here's an example of a smaller mid-sized company that did inbound marketing correctly:



- Organic traffic in green
- Referrals in tan
- Email marketing in orange
- Direct traffic in dark blue

What did this company do differently than the first example? It created an editorial plan based on buyer personas, developed different offers for different levels of the sales funnel, created blog posts on a regular schedule each week and published all of this content throughout social channels to engage target audience.

The chart on the previous page isn't traffic, but *leads* generated. In this case, there was no purchased advertising or lists. It was all inbound marketing, and yet consistently month over month, this company was able to gain new contacts and leads. Not only from organic traffic, also from social media and referrals. It's the gift that keeps on giving, month after month after month. After three years, the numbers continue to improve. So, it's a good argument for why inbound marketing is not a test campaign.

If you look at the marketing campaign which addresses them at the bottom of the sales funnel, what happened to all of the people who were really at the top or the middle? You didn't help them at all. They were completely ignored. With inbound marketing, you're always addressing those people so they can naturally move through the buying process.

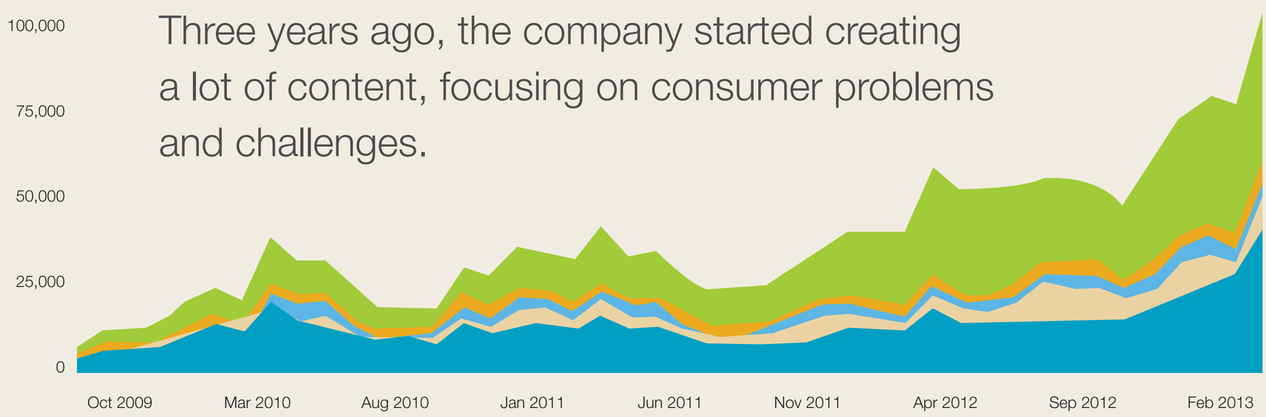
80% OUTBOUND MARKETING	SALES	20% RESEARCH
80% INBOUND MARKETING	RESEARCH	20% SALES

Eighty percent of the traditional buying process used to be done by sales. People did 20 percent of their research, and then engaged with your sales people. With inbound marketing, that's flipped around. Now, people are doing all that work before they contact sales. When you think about why inbound marketing shouldn't be used as a test, it's because you're ignoring this natural process of how people want to buy.

Buy-In, Budgets & BEST PRACTICES

Here's another example of a B2B2C company that is doing inbound marketing correctly:

This company manufactures a product sold through retail locations, and there is limited number of retail locations available for targeting. So why would the company do inbound and content marketing? When this company started off, it had a difficult time communicating the value of its product to a large retailer. It had sales people who called continuously and set up appointments, but the company was still not growing the way it could grow.



The chart above shows traffic data from the date the company started blogging in October 2009. From 2009-2013, by creating useful content people absorbed, web traffic rose from 1,000 visitors/month to 100,000 visitors/month. In addition, the company is averaging 2,000-3,000 leads/month. At the same time, because of that increase in awareness, its B2B sales have grown 300 percent.

300%

SALES GROWTH

Buy-In, Budgets & BEST PRACTICES

Inbound Marketing is **Not** Social Media

Quite often, marketing managers – even CMOs – walk into a boardroom and say, “Everybody’s funding social media this year, and I need more money for that. I want to do inbound marketing.” That usually doesn’t work, because there’s a big difference between inbound marketing and simply managing social media accounts. If you focus on social media, typically what you end up with is a really small budget, a budget similar to what you would pay a part-time or summer intern to post on Facebook and Twitter.

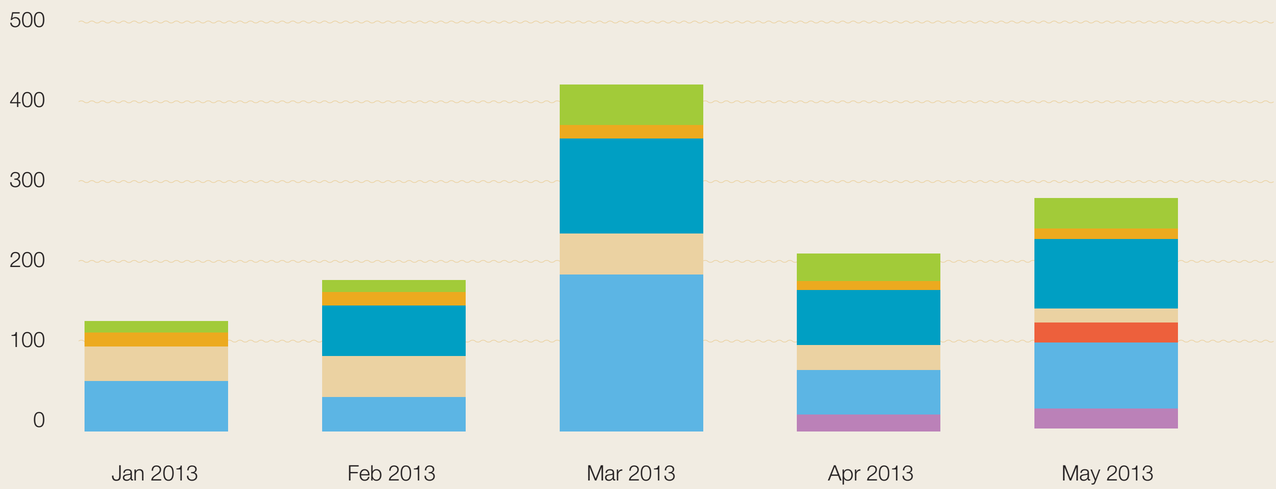
Social media, however, is a component of inbound marketing and is useful in distributing your content to your target audience.

Here’s what it looks like when you use social media and inbound marketing together.

Buy-In, Budgets & BEST PRACTICES

A fortune 1,000 company needed to target a specific audience: Each buyer has a lot of value to the company because only one particular type of person can use its product.

276 New Leads From Social in 5 Months



In a six-month period, using content and blogging, the company was able to take that content and distribute it through its social channels. You can see in the chart above it was able to create 276 leads from that social traffic. A particular lead in this case might be worth $1,000. Over the course five months, well, you can do the math. That's a much better way to get buy-in for inbound marketing: Show data and prove there's a reason for social to be a part of the plan.

276

NEW LEADS
FROM SOCIAL MEDIA

Buy-In, Budgets & Best Practices

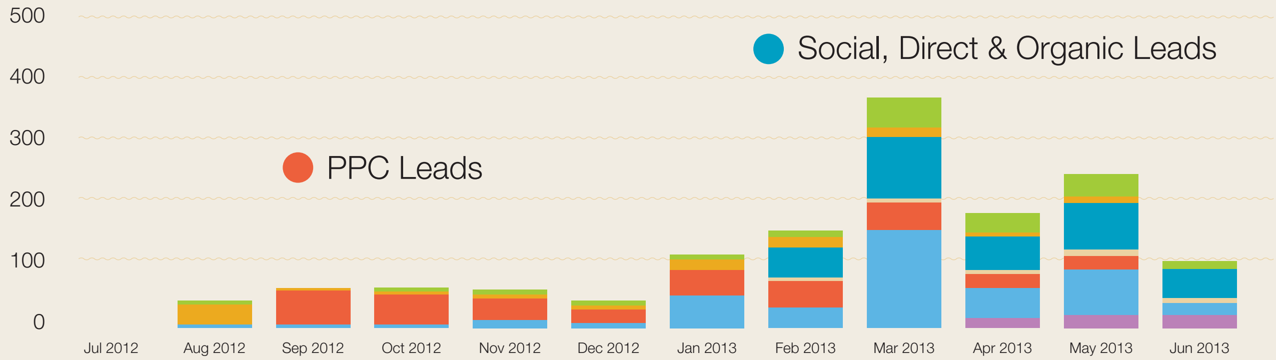
Inbound Marketing is Not a Way to Cut Costs

The biggest thing not to do when you're trying to get buy-in from inbound marketing is to sell it as a way to quickly cut costs. While industry studies say the cost for an inbound marketing lead is on average 60 percent less than the cost for an outbound lead, that point doesn't sell. If you walk over to your management team and say, "We're going to cut the cost for lead by 60 percent," and your budget is $100,000 a year, guess what's going to happen? Management will say, "Great. Here's your new $40,000 budget."

What you want to do is prove that doing inbound marketing will help you transition to a lower cost per lead over time. You're going to get there by doing a combination of things. Most importantly, by creating more leads.

Cutting Costs B2B Example

Overtime PPC Budget Transitioned to Inbound



The chart above is from a startup website. This very first colored column is when the website was launched. It was a brand new website, brand new domain and brand new name.

Over the first six months, the company began implementing inbound marketing and created blogs and other content. It also used PPC ads through Google Adwords. Most of the leads in the first six months came from paid advertising. **It doesn't mean the company wasn't doing content marketing at the same time; it means it takes a while to make an impact.** What's really interesting is, if you start looking at January, February and March, there were more leads from organic search than from PPC, and more leads in almost every category other than PPC, including social media and direct traffic. Then you look at April, May and June, and you can see the ratio shrinking again for PPC. This company was able to start decreasing the budget by 30 percent from where it started. Six months from now again, it will be another 30 percent less.

This is a smart way to transition to inbound marketing. If you say you're going to cut all your overall marketing costs at the gate, this project would have been de-funded because the expectation would be an immediate decrease in cost per lead. Management would have said, "Inbound marketing doesn't work. Content didn't get us the leads we need. It was a failure."

Buy-In, Budgets & BEST PRACTICES

How to Report to Management

I want to get buy-in, but I don't want to have a verbal conversation and say, "I need X amount of dollars, and we're going to do these new things because everybody's talking about them." That usually doesn't work.

Just recently, HubSpot CMO Mike Volpe published an article outling what CEOs really care about [1]. *The following are three things from that article that you should measure.*

CUSTOMER ACQUISITION COST

> Over the next 6-12 months, we would like to cut our customer acquisition costs by X percentage.

This might be pretty easy to figure out, but a lot of people don't think this way. They still think of inbound marketing as a campaign. Look at all the programs for advertising and marketing. Take all those dollars, including overhead, salaries, benefits, payroll taxes, outsourced help, etc. Divide that by the number of new customers in a set period of time, and you know what your cost for customer acquisition may be. So instead of going in and asking for support and buy-in, why not go in and talk about using inbound marketing and transitioning to a new way of doing things? Say, "Over the next 6-12 months we would like to cut our customer acquisition costs by X percentage."

Buy-In, Budgets & BEST PRACTICES

MARKETING AS A PERCENTAGE OF CAC

This could be different depending on the type of companies, but here's how it may break down: Let's say you have a long complex sale, and you need an active sales team. Your product or service needs to be explained because it isn't something your customer is going to just click a button and buy. In that case, 10-20 percent may be a common percentage of CAC.

Maybe you have inside sales that are a little more complex, so 20-50 percent of CAC would make more sense. Or maybe you have very simple, short sales, and the percentage for CAC for marketing might be as high as 60-90 percent. Having some idea where you set benchmarks against this other data can help you go in and talk about whether you're on track and what the goals should be.

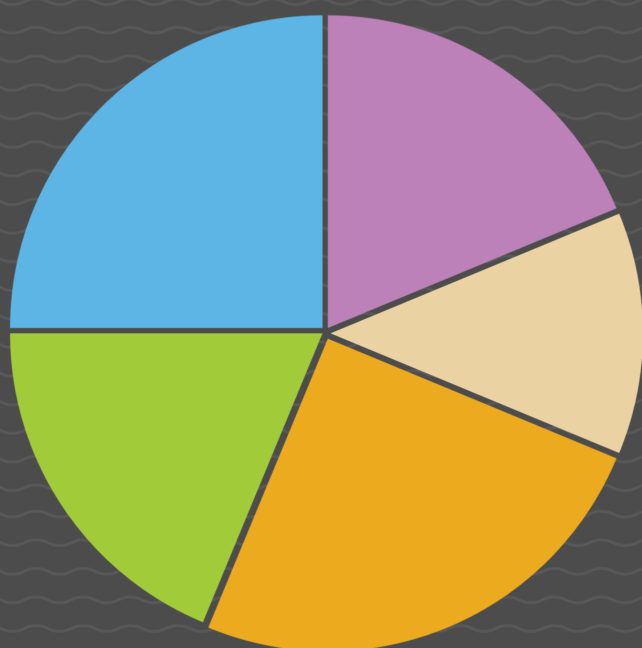
RATIO OF CAC TO CUSTOMER LIFETIME VALUE

Say your CAC is $100,000. The lifetime value of that customer is $400,000, so the CAC to CLV ratio is 4:1. But if your CAC is $50,000 and your lifetime value is $400,000, then your CAC ratio to lifetime value would be 8:1. But a higher ratio isn't always better. If it's too high, or if you have a higher ROI, you might spend more on sales and marketing to grow faster because you're still restraining your growth by under spending. A high ratio may also mean you're making it too easy for your competitors.

If you can provide these metrics to your boss or CEO, then it is easier for him or her to see the impact marketing has on the bottom line and helps you set goals you can target for future conversations.

Buy-In, Budgets & Best Practices

Budgets



Setting an Inbound Marketing Budget

Buy-In, Budgets & BEST PRACTICES

Before you consider a budget,

you'll need some data recently published for benchmark purposes:

AVERAGE DIGITAL MARKETING BUDGET:

According to Gartner, the average digital marketing budget right now is 2.5 percent of revenues. That should be an easy number to figure out. Let's just say you're a $10 million company. You're digital marketing budget is about $250,000 a year. [2]

MARKETING BUDGET COMPARED TO REVENUE:

According to an article by Caron Beesley on SBA.gov [3], a business that is generating less than $5 million in revenue and wants to grow, spending 7-8 percent of revenue is a good target for the marketing budget as a whole. For other businesses with greater revenues, Scott Margenau at ImageWorks Studio put together this table to help guide budgeting [4]:

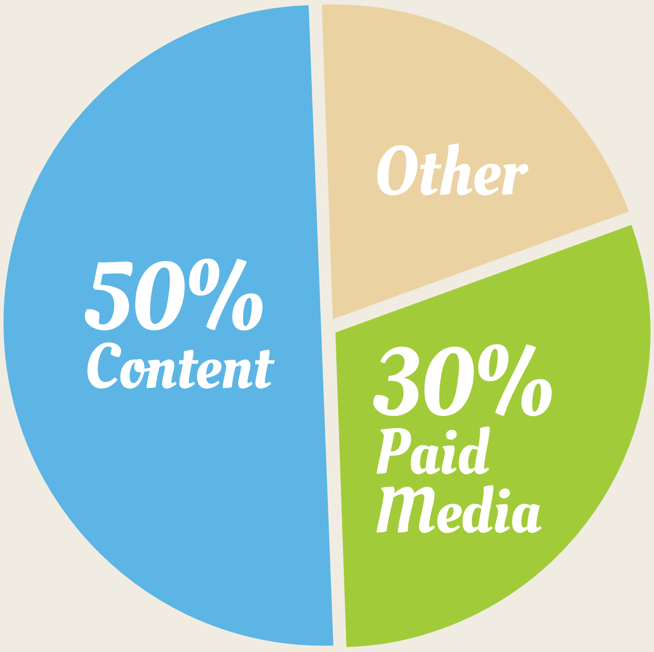
Revenue	Marketing Budget
Less than $5 million	7-8%
$5-10 million	6-7%
$10-100 million	5-6%
$100-300 million	3-5%
More than $300 million	3-4%

It's important to benchmark against other companies in the industry, so you're not overspending or even worse, under spending. That can be a very dangerous thing and a huge loss of opportunity.

Paid Media vs Content

Going a little deeper, let's assume you have your budget, using that same formula for a $10 million company. How are you going to break that down between paid media and content?

Mckinsey & Company said about 30 percent of marketing budgets are typically being allocated to paid media and 50 percent to content.[5] So if you had a $250,000 budget for digital marketing, 50 percent of that is $125,000 a year to create content. You can break that down monthly and figure out how many articles you can get written. You can hire a journalist, create case studies, put on webinars, etc. Then 30 percent of that same budget, which is $75,000, might be paid advertising through search engines or different social sites — wherever you are going to get the greatest number of leads that could possibly turn into customers.



Measuring
Content Marketing KPIs

	KPIs	May	Jun	Jul	Aug	Sept	Oct	Nov
Lifecycle Stage	Leads	7,250	7,750	8,250	8,750	9,250	9,750	10,250
		7,261	7,752	7,137	8,850	9,125	9,755	9,895
Lifecycle Stage	Marketing Qualified Leads (Gross)	363	388	413	438	463	488	513
		400	438	353	447	453	491	520
Lifecycle Stage	Sales Qualified Leads (Gross)	14	23	23	27	28	30	31
Lifecycle Stage	Opportunities (Gross)	4	4	4	11	15	21	27
		14	14	14	13	14	23	32
Lifecycle Stage	Customers	84	84	72	78	80	82	83
Sales	New Accounts	1	1	1	2	2	1	1
		1	1	0	1	1	1	0

The graph above is a tool we use at Kuno Creative.
What we're looking at here are **Key Performance Indicators** or **KPIs**.

- At the very top, you can see the **Number of Leads**.
- Right below that, **Marketing Qualified Leads**. Marketing Qualified Leads are based on certain kinds of criteria: right sized company, right sized prospect, etc.
- The next level down is **Sales Qualified Leads**. We have an agreement between marketing and sales: If we generate X amount of Marketing Qualified Leads at a certain point, if we hand them over to them, will they accept them as Sales Qualified Leads?
- Below that, **how many Opportunities can sales create out of that?** Out of those Opportunities, how many people can we turn into Customers and New Accounts?

So we can work backwards looking out six, 12 or 18 months and say,

"We need to get X new accounts or customers at this value to justify and get a great ROI for this budget.

Going back to the top, you look at leads for May, June and July moving forward. Each month, project the number of leads you need to get (shown in white). In the next row each month, report on the number of leads you actually got. If you exceed your goals, it's green. If you didn't, it's red. If it was neutral because it was right on target or has no goal, it's yellow. Based on that formula, you can then project a percentage of those leads turning into Marketing Qualified Leads, Sales Qualified Leads and so on.

The idea is to improve the flow from each level of the sales pipeline. You can do that with inbound marketing by improving the quality of the content, the targeting to your personas, optimization of landing pages, optimization of marketing automation messages, etc. This is a great way to go from an idea that you need buy-in on to actually proving the numbers each month.

Another question you should ask when setting KPIs and goals:

What are you going to do every day that you're going to measure?

OUTPUT KPIs

Number of blog posts, downloads and videos. Keeping track of that quantity and regularity of what we publish. We can do that by having a well-planned editorial schedule and ensuring we have the skills, either internally or externally, for creating that content (journalists, graphic designers, copywriters, etc.).

INTERACTIVE KPIs

Measuring how good the content actually is. If we're putting it out there, are people absorbing it, liking it or sharing it?

Are we getting the social proof we need from the search engines?

CONVERSION KPIs

Is that landing page converting at 30 percent?

What are we doing to improve that so we can convert at 35 percent next month?

Buy-In, Budgets & Best Practices

Best Practices

Your Team & Practices in Action

Buy-In, Budgets & Best Practices

Building an Inbound Marketing Team

You know you're going to need a certain number of people to make this happen.

Here's a quick overview of the roles necessary for successful inbound marketing:

- Strategist
- Project Manager
- Brand Journalist
- Marketing Technologist
- Graphic Designer
- Web Developer
- Social Media Specialist

Buy-In, Budgets & BEST PRACTICES

Depending on the size of your company, you're looking at five, six or seven different roles. If you're a $10 million company with a $250,000 digital marketing budget, you will have to figure out your budget for all those different roles. However you do it, it's important to know you need these people in place. If you just say, "I'm doing inbound marketing," and only go at it 10 percent of the way, it usually fails, and then your funding gets cut. That makes it hard to come back afterward and say, "No, really. It's going to work. Just give me another try."

Who Else Needs to Be Involved?

For inbound marketing, getting buy-in is important because you need people from different internal teams on board to support your efforts. If you're going to start creating a volume of content and you need signoff, it's common for a larger company to have a multi-step approval process.

It may have to go through:

- Product managers
- Sales
- Legal
- Regulatory

If you really want it to work, it's important to get all those people in one room to talk about why you are transitioning from a company that does marketing in a very product-centric way to a more user-centric way. Typically, you won't need all the same people involved in approving content for inbound marketing as you would for some kind of new product launch. If you can work out who needs to sign-off in the beginning, the approval process can go from 2-3 months to less than a week.

Buy-In, Budgets & BEST PRACTICES

Best Practices In Action

“

What are you going to do every day that you’re going to measure?

This is one of the most common questions asked of Kuno.

In this example, a dental manufacturer was launching a new product that was about improving root canal preparations with this new technology. The company has a very select target audience of about 150,000 dentists. What it did was create some great content. Company executives believed in inbound marketing and went through the processes that this eBook outlines. They published the content below, which was then distributed through multiple channels, including the company website, Facebook, a microsite and print advertisements.

It wasn't a very strong sales pitch.

The company provided a free guide buyers could download if they were not ready to talk to sales.

The results are pretty outstanding.

On the left, you can see increases in traffic (shown in the blue graph) compared to what their goals usually were from the previous month — a 41 percent increase. You can see the number of new leads that came in (shown in the orange graph).

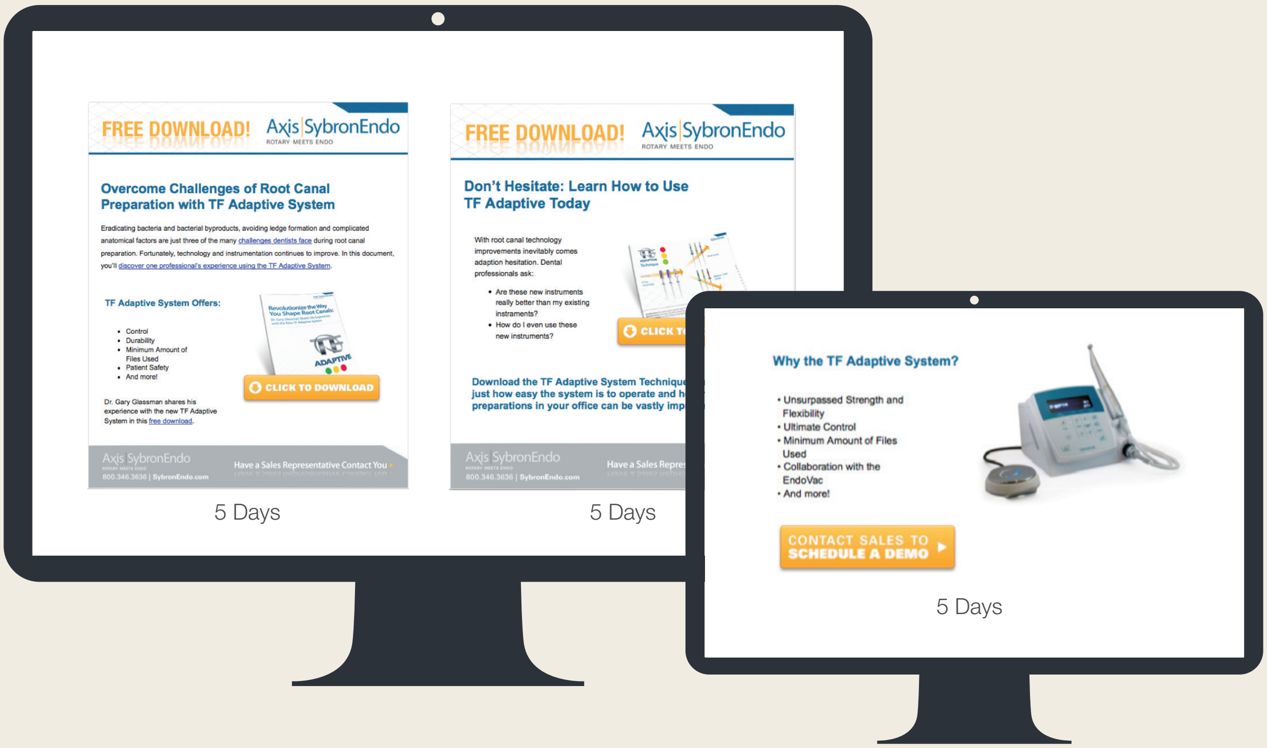
Over on the right in the sources, you can see all the leads that came in overall from this multi-channel approach. You can monitor different channels during the campaign to see what's working and to make adjustments as things are changing.

In this case, the results were pretty significant:

42% INCREASE IN TRAFFIC

508% INCREASE IN LEADS

Even with a fairly limited market and a dry subject, it's possible to achieve outstanding results.



As you can see on the far right,

the last step of the campaign was to schedule the demo. **That was the primary goal.**

Take a look at these KPIs:

- 283 percent increase in Marketing Qualified Leads
- 631 percent increase in Sales Qualified Leads
- 421+ Demo Requests
- 55+ New Customers
- $400,000+ Revenue

What did this company do differently than a company that fails at inbound marketing?

It's simple: It got buy-in from internal stakeholders, set the right budget and followed reporting and execution best practices. **Your inbound marketing efforts are almost certain to have the same results if you do the same.**

Buy-In, Budgets & BEST PRACTICES

kunocreative
ENTERPRISE INBOUND MARKETING

36901 American Way, Suite 2A, Avon, OH 44011

Phone: 440.261.5002 **Toll-free:** 800.303.0806

www.kunocreative.com

www.facebook.com/kunocreative

www.twitter.com/kuno

www.linkedin.com/company/kuno-creative

1. http://blog.hubspot.com/blog/tabid/6307/bid/34054/The-6-Marketing-Metrics-Your-CEO-Actually-Cares-About-Cheat-Sheet.aspx

2. http://www.gartner.com/newsroom/id/2368315

3. http://www.sba.gov/community/blogs/how-set-marketing-budget-fits-your-business-goals-and-provides-high-return-investmen

4. http://www.imageworkscreative.com/blog/how-set-determine-what-you-marketing-budget-should-be/index.html

5. http://www.mckinsey.com/insights/marketing_sales/four_ways_to_get_more_value_from_digital_marketing