

August 2013

Crossing the Chaos: Managing Content Marketing Transformation

Most marketing leaders have bought into the concept of content marketing, but Aberdeen's new content marketing research shows a startling gap between the value of content marketing activity and the effectiveness with which firms execute. However, firms that get it right report significantly higher lead conversion and lower customer acquisition costs as a result. This Analyst Insight explores content marketing transformation using data collected from 96 marketing practitioners, including 81 companies using content marketing, between April and May 2013. It will put content marketing into the larger context of nurture-based demand generation, present best practices as adopted by Leader firms, and demonstrate an aggregated return on investment (ROI) analysis to help marketing leaders plan for a successful transformation to content marketing.

Putting Content Marketing in Context — Shaping the New Buyer's Journey

If we accept the premise that buyers engage with sales later and later in their decision journey, a concept initially [framed by CEB](#) that Aberdeen calls the [Hidden Sales Cycle](#), then the role of marketing in the buyer's journey takes on a new meaning. Aberdeen's 2012 report, [Marketing Lead Management: From the Top of the Funnel to the Top Line](#) noted that, on average, prospects receive 10 marketing touches through the course of a successful buyer's journey (one that ends in "closed-won"). This means that the mission of shaping the buyer's journey, which once firmly rested with Sales, is now shared between marketing and sales, with an increasing share of responsibility shifting to marketing. A buyer's vision is comprised of a set of assumptions about both the challenge the prospect is trying to solve and the critical capabilities that are necessary to solve it. But if even half of the decision journey happens outside the confines of a traditional sales engagement, then sales has a narrower window than ever in which to address these challenges and educate the prospect on solutions. It stands to reason, then, that companies who can successfully shape their buyers' vision earlier in this process will more successfully convert interest into latent need, latent need into blatant sales opportunities, and are likely to win more business in the process. As noted in Aberdeen's July 2013 report [Alchemy of Intent: Content Marketing in the Lead-to-Revenue Cycle](#), content marketing has emerged to meet this need. Consider the following:

- Over half of all companies — and 70% of Leader companies — surveyed indicate that nurture-based marketing is a top pressure driving their adoption of content marketing;

Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

Content Marketing Defined

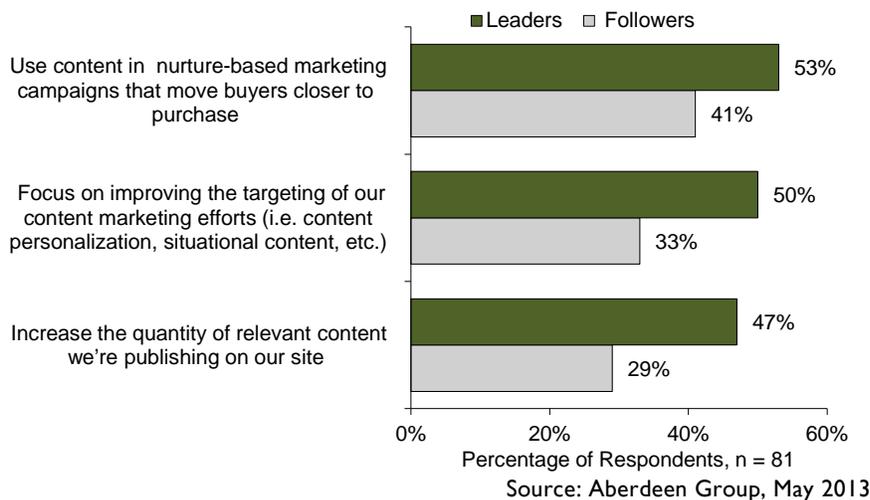
Content marketing is the use of media to entertain, educate, or otherwise engage prospects and customers to generate a *value-added interaction* for branding, retention, and/or customer acquisition.

- Proliferation of new channels (social, mobile, etc.) is the second-most-cited pressure driving adoption of content marketing; and
- Twenty-four percent (24%) of companies indicate that prospects and customers have heightened expectations for a more engaging experience.

The strategic initiatives pursued by Leaders (see sidebar for definition) reflect their focus on using content in nurture-based marketing campaigns and starts to paint a more granular view of how these top-performing companies achieve their success. Namely, 50% of Leaders focus on improving the targeting of content marketing efforts and nearly as many (47%) look to increase the quantity of relevant content being published to their website (Figure 1).

As many know, quality and quantity are often opposing forces. Despite 92% of all participants indicating producing high-quality content as valuable or very valuable (4 or 5 on 1–5 scale of value), only 54% rated their level of execution as effective or very effective (4 or 5 on 1–5 scale of effectiveness of execution).

Figure 1: Top Three Content Marketing Actions by Leaders



Defining the Leaders in Content Marketing and Management

Aberdeen used four key performance criteria to distinguish the Leaders (top 35% of aggregate performers) from the Followers (bottom 65%). Leaders achieved the following performance metrics:

- ✓ 15.4% year-over-year company revenue growth versus 1.6% for Followers
- ✓ 19.7% year-over-year increase in unique site traffic versus 2.5% increase for Followers
- ✓ 3.7% average website conversion rate versus 2.9% for Followers
- ✓ 10.2% year-over-year growth in marketing's contribution to revenue compared with 1.6% growth for Followers

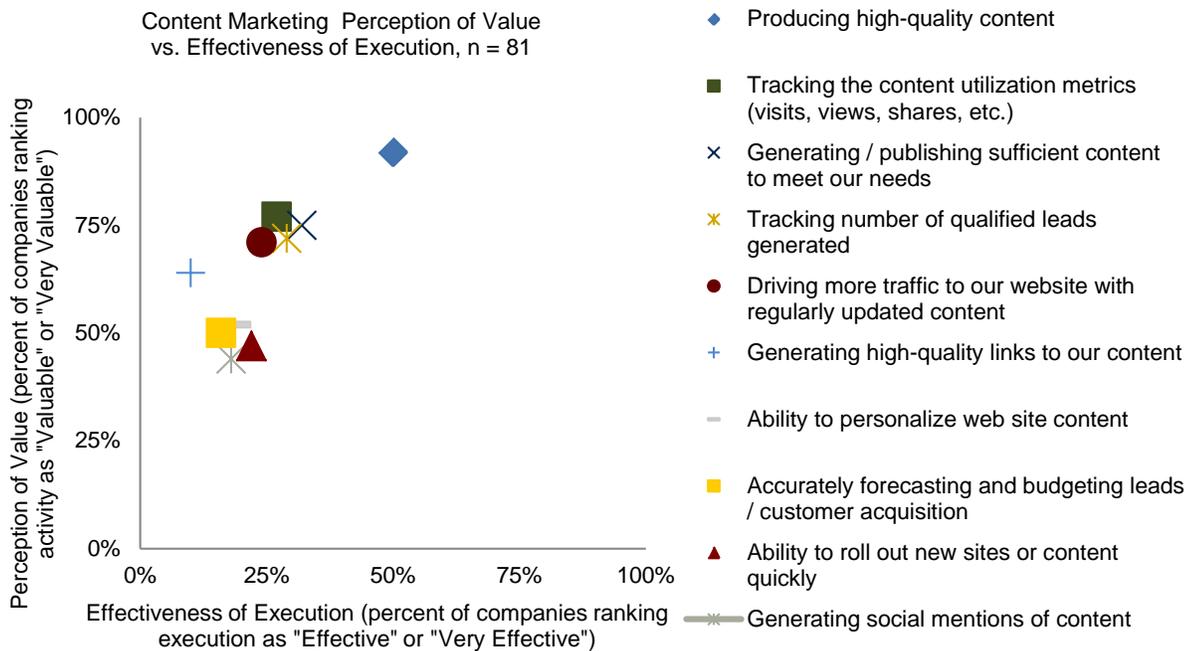
Minding the Content Marketing Gap

As first reported in Aberdeen's June 2013 report [Content Marketing ROI: Quantifying the Value of the Difference](#), there is a wide gap between the value that firms place on content marketing activities and their ability to execute those activities effectively. This gap is illustrated in Figure 2, which shows the percent of firms ranking specific content marketing activities as a 4 or 5 on a 1–5 scale of value (1= low value, 5=high value) compared with the percent of firms ranking their execution of the activity as a 4 or 5 on a 1–5 scale of effectiveness (1= not effective, 5= very effective). There are two

categories of activity in which this gap appears most acute: content production and content tracking and analytics.

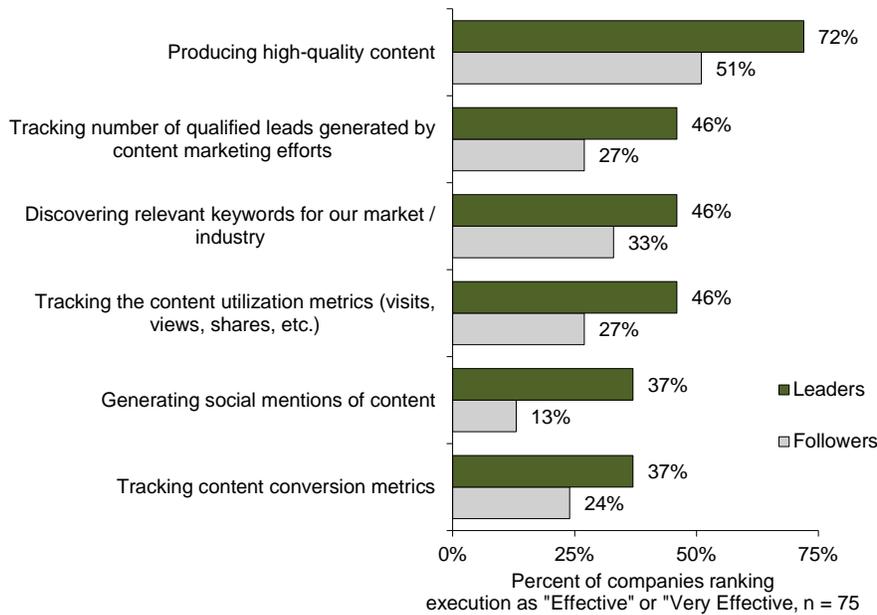
The ability to produce high-quality content is ranked as valuable or very valuable by 92% of companies, while just 52% called their level of execution effective or very effective. Generating / publishing sufficient content to meet our needs is cited as valuable by 75% of firms, but only 32% of companies claim effectiveness in execution. On the tracking and analytics side, 77% of companies say tracking content utilization metrics like visits, views, and shares is valuable, but only 27% cite effectiveness. Seventy-two percent (72%) of firms say tracking leads generated from content marketing is valuable, but only 29% of companies say they're above average in execution. But while this content marketing execution gap is also a reality for Leader companies, the gaps are smaller and the level of execution effectiveness is significantly higher when compared with Followers, as seen in Figure 3. This tells us that Leaders are doing something differently and are having greater success in their transition to content marketing. In fact, it shows the result of Leaders adopting a set of competencies related to the development, promotion, management, and measurement of content through the revenue cycle.

Figure 2: In Content Marketing the Spirit is Willing, But Execution is Weak



Source: Aberdeen Group, May 2013

Figure 3: Leaders More Effective in Content Marketing Activity



Source: Aberdeen Group, May 2013

Keep your Content Close-ish

How close should your marketing content be to your product or solution? On the one hand, buyers want quality content that addresses their cares and concerns, and they can generally sniff out content that's blatantly salesy. On the other hand, content shouldn't be too far afield that a reasonable person can't connect the dots between what the content is about and the solution the company offers. Remember that just being helpful isn't good enough; your content should help build the buyer's vision of success without becoming a sales pitch. This is where the art of content marketing really comes into play.

Case in Point: Cloud Backup Provider Moves from Blatant to Latent Funnel

To support its growth objectives, a leading cloud backup provider is shifting its demand marketing focus from "Active Demand" to "Latent Demand."

"We'd traditionally used product trials to capture the individual who knew they needed cloud backup services, the person who was ready to buy and just figuring out what they needed," said the vice president of marketing. "But cloud backup isn't as well understood as on-premise backup, so we know that there will never be enough of this active demand to keep our pipeline full."

The company is moving earlier in the buyer's decision journey to identify potential buyers, often before they even realize they have a need. Or perhaps more accurately from a content marketing perspective, allowing potential buyers to educate and identify themselves through interaction with specific content.

Continued...

Case in Point: Cloud Backup Provider Moves from Blatant to Latent Funnel

To achieve this transition the firm is embracing content-driven lead nurturing. The marketing team is starting this transition by first understanding and mapping out that buyer's decision journey for cloud backup services and building a plan to move buyers through an integrated demand funnel. This includes implementing lead nurturing tracks in their marketing automation systems, and developing content assets that map to key stages and buyers in their journey. They have also made several new hires to support content marketing initiatives, including new directors of corporate communications and inbound marketing. Content marketing isn't a separate effort, but rather an integrated part of its demand and corporate marketing efforts.

From a content perspective, the company's objective is to become a trusted source of information about cloud applications, software-as-a-service (SaaS), and the cloud more generally. As the firm makes its transition to both lead nurturing and content marketing, they're initially focused on correlation metrics between things like site and blog traffic and marketing conversions. They will also use content to better understand the buyer, for example by tracking volume of key search terms like "cloud to cloud backup" as an indicator of awareness. The firm also closely tracks the impact of content on conversions across the demand funnel. Ultimately the company's goal is to generate over 50% of new marketing leads through inbound organic content marketing.

Best Practices of Leaders

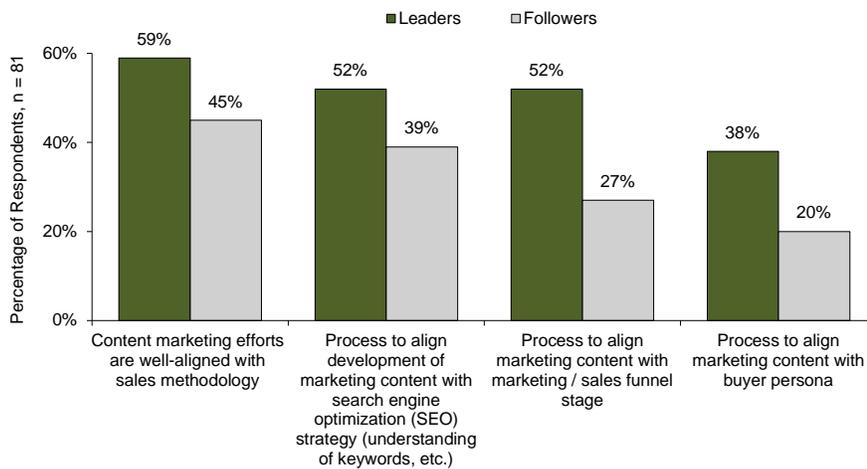
Getting Content Right

In many respects companies with effective content marketing practices think like publishers and put the appropriate processes in place to support development of their content assets. Companies should start with a plan that maps content to buyers' decision journey (what types of content are needed early in the exploration stages of the journey versus content required later in the consideration and evaluation stages). Figure 4 shows that 52% of Leaders do this today, compared with just 27% of Followers. As content marketing sophistication matures, firms marketing and selling to multiple personas should look to align content development with both funnel stage and persona. Leaders are nearly twice as likely as Followers to follow this practice (38% versus 20%). In short, Leaders are considerably more likely to get content "right," as in right content for the right persona at the right time.

Content Marketing Fast Facts

- √ An average of 60% of marketing leads are generated through direct / outbound marketing, 40% through digital / inbound channels
- √ In the last 12 months, Leaders have increased content marketing-based leads by 17%, compared with 12% for Followers
- √ 37% of companies report that leads from content marketing are of higher quality, while 33% report they're about the same; 9% of firms report that content marketing-driven leads are lower in quality

Figure 4: Content Alignment Critical to Success



Source: Aberdeen Group, May 2013

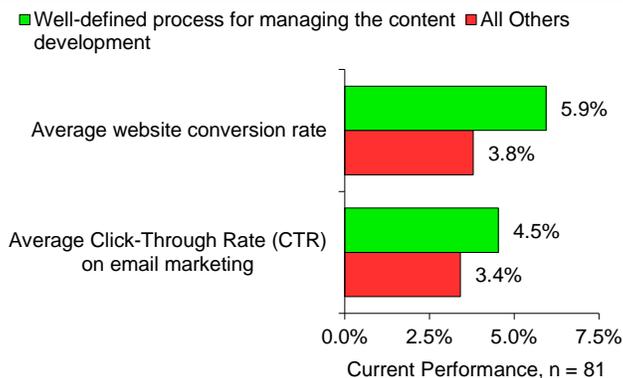
Inside Job — Managing Content Marketing Internally

From an organizational perspective, content marketing is clearly an inside job, with 92% of companies indicating content development and management is either entirely or mostly managed in-house. An interesting pattern emerges when we look at companies that report a well-defined process for managing the content development; the content cycle time increases compared with companies without such a well-defined process in place, from an average of 41 days to 46 days. This difference isn't great, but is made greater because it's counterintuitive. However, we find that the performance of firms with well-defined content marketing processes far surpasses that of other companies in several key areas: average website conversion is more than twice that of other firms (5.9% versus 3.8%) and average email click-through rate that's 30% higher than other companies (4.5% versus 3.4%), as seen in Figure 5. This data indicates that, as often happens, defined processes can add time to the equation, but produce a better result in the end.

Content Marketing Map Defined

A content marketing map or matrix is a helpful planning tool for aligning content marketing efforts to the funnel stage and persona of the buyer. The map can be used to strategically plan the types of content needed at each stage, as well as operationally to inventory the content assets available, and where there are gaps to be filled.

Figure 5: Well Defined Content Marketing Processes



Source: Aberdeen Group, May 2013

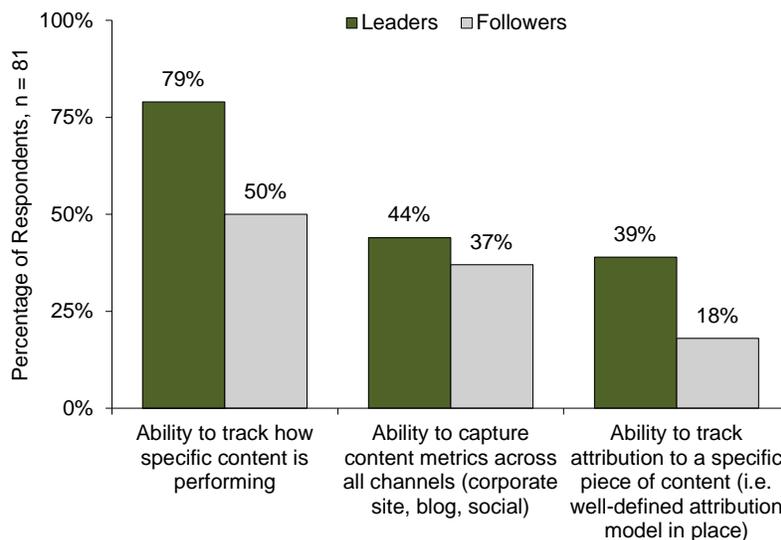
Content Measurement and Analytics

The notion of lift from the direct marketing world offers a useful model when thinking about content measurement and analytics. Lift is the incremental improvement versus the mean enjoyed by a particular campaign or segmentation. In the case of content marketing, it's the incremental improvement in the performance of a page, email, or other campaign based on a particular piece of content compared against the average across all comparable uses. But keep in mind that there are a multitude of factors that impact the performance of a campaign beyond the content (timing, segmentation, SEO, form length, etc.); limiting the extent of these variations will produce a clearer picture of content performance.

To be able to measure content lift, it's necessary to capture metrics associated with specific content assets. As seen in Figure 6, Leaders are 58% more likely than Followers to track how specific content is performing (79% versus 50%) and more than twice as likely as Followers to track attribution to content (39% versus 18%).

The metrics that matter will vary depending on the type of content and how it's being used. Metrics like inbound site traffic and conversion rates are useful for top-of-funnel content, while late-stage conversion rates (e.g., MQL-to-SQL) or length of the sales cycle may be more appropriate for content used in mid- and late-stage funnel.

Figure 6: Leaders Track Content Performance



Source: Aberdeen Group, May 2013

Content Marketing Technologies

There are multiple technologies that firms use to support content marketing efforts (see sidebar). The reality of these multiple, sometime overlapping solutions points to the fact that content marketing is, by and large, modern

Analyst Insight: Key Content Marketing Technologies

- ✓ **Web content / web experience management system** to manage and optimize “owned” content through web properties
- ✓ **Marketing automation platform** to support content-based nurture campaigns and the ability to score leads based on content interaction
- ✓ **Marketing resource management / digital asset management tools** support the workflow, development, hosting, and distribution of marketing assets across marketing teams
- ✓ **Search engine optimization (SEO) tools** that help organizations manage the “findability” of content through both off- and on-page analysis and recommendations
- ✓ **Content marketing platforms** used to manage the creation, distribution, measurement, and optimization of content marketing across channels

marketing. As a result, nearly every marketing technology is supporting some element of the content lifecycle. Firms should carefully consider how these solutions integrate and work with each other. One common connection is the integration of marketing automation platforms with web content management to support lead scoring, a practice adopted by 64% of Leaders and 45% of Followers. Some interesting special purpose, content-centric solutions for content marketing are also emerging, including content curating, content development networks, and integrated content marketing software platforms.

Developing an ROI Model for Content Marketing

The impact of content marketing can be seen by comparing the performance of companies using content marketing with the 16% of companies without a content marketing initiative in place today. The results of this comparison seen in Table 1 show a stark difference in several key marketing performance indicators.

Table 1: Content Marketing Users versus Non-users

| Performance Metric | Content Marketing Users | Non-users |
|---|-------------------------|-----------|
| Conversion rate from marketing response to marketing-qualified lead (MQL) | 7.6% | 1.0% |
| Average click-through rate on email marketing campaign | 3.4% | 1.8% |
| Average website conversion rate | 2.9% | 0.5% |

Source: Aberdeen Group, May 2013

By developing the capability to measure the performance and ultimately the lift associated with specific content elements, companies can develop a simple return on investment (ROI) model for their content marketing efforts. Start by modeling the change in conversion rates through the marketing funnel to understand the impact on marketing campaign yield. In other words: how many unqualified marketing responses, aka raw leads, are needed to generate a single marketing qualified, sales-ready lead. If the data for the average marketing-qualified lead to closed-won conversion rate is not available, then the yield can be based on the number of leads needed to generate a customer. By factoring in average cost per marketing lead, we can determine the average marketing cost per customer, and extrapolate the difference in yield to determine gross content marketing ROI.

Aberdeen's methodology provides a basis for quantifying the value of content marketing best-practices at an aggregate level by using a version of the model outlined above.

Table 2: Value of the Difference — Counting Waterfalls

| Performance Metric | Leaders | Followers |
|---|-----------|-----------|
| Average website conversion rate | 3.7% | 2.9% |
| Conversion rate from marketing response to marketing-qualified lead (MQL) | 10.5% | 7.1% |
| Website traffic needed to generate a closed-won opportunity | 6,345 | 12,243 |
| Marketing responses needed to generate a closed-won opportunity | 237 | 350 |
| Per customer acquisition cost (based on average cost per marketing lead of \$110) | \$ 26,036 | \$ 38,416 |

Source: Aberdeen Group, May 2013

Using only website conversion and lead to marketing-qualified lead (MQL) conversion rates as variables (20% “plug” used for MQL-to-SQL and SQL-to-close rates), Table 2 displays the unique site traffic and marketing responses needed by Leaders and Followers to generate a “closed-won” opportunity, i.e., a customer. When these metrics are considered in terms of per customer acquisition cost using the average cost per marketing-generate lead of \$110 reported in our survey, the difference between Leaders and Follows — essentially the cumulative value of the best-practices adopted by Leaders — is over \$12,000 *per customer acquisition cost*.

Recommendations

To win in the hidden sales cycle Marketing must do more than just “be there” to capture value at the buyer’s moment of recognized need, it must create value by helping buyers solve their business problem. This message seems to be getting through as Leaders plan to increase their budget for content marketing programs by a whopping 31% and Followers by a still impressive 19% over the next 12 months, while content development budgets are expected to increase significantly as well (by 22% for Leaders and 18% for Followers over the next 12 months).

Companies planning to increase their use of content for both inbound and nurture marketing should consider the following:

- **Planning is Indispensable** — President Eisenhower famously quipped “I have always found that plans are useless but planning is indispensable.” Develop a content marketing plan that takes organizational design and the content map into account.
- **Consider underlying processes** — Effective content marketing — particularly content marketing for lead nurturing — requires more than just great content, you need the supporting processes that constitute an integrated demand funnel.

Content Marketing Futures

- √ Leaders plan to increase their content marketing platforms budget by 31% over the next 12 months, compared with a 19% increase for Followers
- √ Over the next 12 months, Leaders plan to increase their content development budget by an average of 22%, Followers by 18%

- **Prepare for “Lift”-off** — Use a measure of lift to track both the evolutionary impact of content marketing (i.e., how average website traffic, click-through rates, landing page conversion rates, etc. increase over time) and the impact of specific content assets versus the mean.
- **Consider integrated solutions to support content marketing** — As noted above, content marketing is influencing nearly every aspect of modern marketing. Firms should consider how discreet technologies operate as a system of solutions, and also consider emerging content marketing software platforms, an integrated, content-centric solution to manage the development, distribution, measurement, and optimization of content across channels. Thirty-two percent (32%) of Leaders and 27% of Followers report using a content marketing platform today, with an additional 28% of firms planning to adopt one in the next 12 months.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[*Content Marketing ROI: Quantifying the Value of the Difference*](#); June 2013
[*Alchemy of Intent: Content Marketing in the Lead-to-Revenue Cycle*](#); July 2013
[*Publish or Perish: Content Marketing is the New PR*](#); March 2013
[*Content Marketing Comes of Age*](#); October 2012

[*Lights, Camera, Call-to-Action: Trends in Video-based Marketing*](#); September 2012
[*Search Management Drives Higher Conversion, Lower PPC Costs*](#); August 2012
[*Web Experience Management: From Content to Customer*](#); June 2012

Author: Trip Kucera, Senior Research Analyst, Marketing Effectiveness & Strategy, (trip.kucera@aberdeen.com) [LinkedIn](#) @TripKucera

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