



WHY DEMAND GENERATION GENERATES BETTER ROI THAN LEAD LISTS

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Synopsis:

- Why demand generation is important
- 5 reasons why lead lists do not deliver ROI
- How demand generation supports better lead nurturing than lead lists

WHAT ARE LEAD LISTS?

Lead lists are curated collections of contact information for individuals or businesses who fit specific criteria and are deemed potential prospects for a product or service. These lists typically include details such as names, email addresses, phone numbers, and sometimes additional demographic or firmographic data. Marketers often purchase lead lists to streamline their outreach efforts and reduce early awareness activities at the top of the funnel stage.

WHAT IS DEMAND GENERATION?

Demand generation is the process of guiding prospects along their buyer's journey with a brand and its offers, from completely unaware to becoming a qualified lead, and finally, a client. This involves laser-focused audience targeting across multiple channels that gradually evolves into an ongoing nurturing relationship. Continuously sharing valuable materials and support on the platforms they frequent, including events keeps prospects at target accounts engaged and generates quality demand.

DEMAND GENERATION VS LEAD LISTS



Lead Lists



*Note that by the time Quantum Innovations buys the lead list, the lead list is 6 months old and 20x the original price

Demand Generation



Over the last few years, the B2B landscape has grown more complex for marketers and buyers alike. Buying groups are continuing to expand, contributing to longer buying cycles ([over six months on average](#)) and an [estimated 640 total vendor interactions](#) per journey (6sense, 2023).

This, in combination with the [rising costs of digital marketing](#) and reduced marketing budgets as a result of the post-pandemic recovery and economic turbulence has created a challenging environment for marketing leaders. As such, it comes as no surprise that this has contributed to marketers opting to buy lead lists rather than investing in top of funnel activities to generate leads organically.

In fact, [68% of B2B marketers opted to purchase lead lists](#) in 2022, with the average cost per lead ranging from \$0.25 to \$10 USD (Clutch, 2022). While lead lists can be assets in sales and marketing strategies, organisations need to acknowledge their limitations.

Specifically, lead lists should not be regarded as the sole replacement for organic, awareness-driven marketing efforts (such as B2B demand generation). These strategies play a pivotal role in building brand awareness, establishing a connection with the target audience, and fostering long-term client relationships that drive value.

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by our demand experts in our Outlook hub →

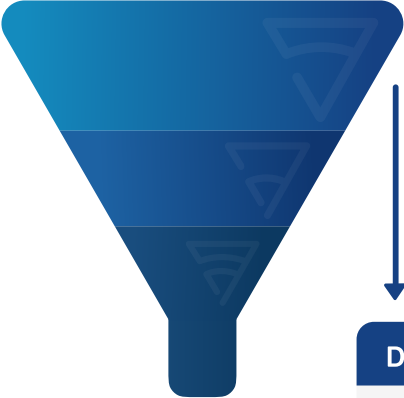


WHY IS DEMAND GENERATION IMPORTANT?



LEAD GENERATION

Lead generation is the process capturing the contact information of potential clients, typically through a variety of marketing strategies and channels tailored to specific audiences



DEMAND GENERATION

Demand generation is the process of guiding prospects along their buyer's journey with a brand and its offers, from completely unaware to becoming a qualified lead, and finally, a client

Demand generation marketing is a pivotal aspect of any B2B marketing strategy that supports lead generation and lead nurturing, to motivate leads to progress throughout the sales funnel. By cultivating awareness and interest, demand gen is a multifaceted approach that is key to establishing relationships with high-value buyers and supporting long-term success with revenue growth.



1. Emphasis on creating awareness and interest

B2B demand generation is crucial for establishing and enhancing brand visibility in the market. By deploying effective marketing strategies, businesses can capture the attention of their target audience, making them aware of the products or services offered. This initial awareness sets the foundation for brand recognition and buyer engagement. However, this is not possible with lead lists, as the first point of contact with the brand is often via direct outreach, resulting in higher churn rates.



2. Building relationships through targeted content

The creation and sharing of targeted content are integral components of demand generation marketing, as they are a principal strategy for providing prospective buyers with value. In addition, by tailoring content messaging to specific audience segments, businesses can resonate with their target buyers on a more personal level. This approach fosters trust, contributing to stronger relationships. However, when organisations rely on purchased lead lists, there is a greater risk of inaccurate targeting. This can result in a disconnect between the content and the audience, hindering the development of meaningful relationships.



3. Nurturing leads for long-term success

Effective demand gen spans the entirety of the buying journey and includes lead nurturing. Activated across various touchpoints and marketing channels, businesses can engage with prospects at different stages, providing relevant information and addressing their needs. This lead nurturing process is essential for building a strong foundation with prospective buyers to support conversions. By consistently delivering value, businesses are far more likely to secure client loyalty and maximise client lifetime value (CLTV). Given the lack of demand previously established, leads purchased via lead lists are less likely to respond to lead nurturing efforts.

[Discover the core differences between B2B demand generation and lead generation, as well as how to build strategies for both approaches](#) →

5 REASONS WHY LEAD LISTS DO NOT DELIVER ROI

5

While generating a high volume of leads is beneficial, lead quality is essential for delivering business value and supporting revenue streams. Poor-quality leads can not only fail to convert but also incur costs for your business, including wasted resources, software expenses, legal risks, and damage to brand equity.

In essence, prioritising lead quantity over quality is a far less effective strategy than investing in B2B demand gen efforts to support lead generation, and most importantly, conversions.

Indeed, for 59% of marketers, inbound strategies (such as demand gen) provide the best leads, while only 17% attribute their best leads to traditional practices such as purchased lead lists ([Hubspot, 2023](#)).

This article explores the drawbacks of lead lists and why they are not the most effective strategy for your business.



Data integrity

While lead lists represent a more low-commitment approach, investing in this strategy introduces certain complexities, the foremost being data integrity.

When relying on an outsourced list, there is a risk of encountering invalid or outdated contact information, duplicate contacts, and incomplete lead details. These issues can significantly compromise the integrity of your data and the performance of your outreach efforts. A recent report revealed that [75% of marketers](#) acknowledged that duplicate and/or insufficient outreach, driven by poor data quality, leads to client loss for their companies (Validity, 2022).

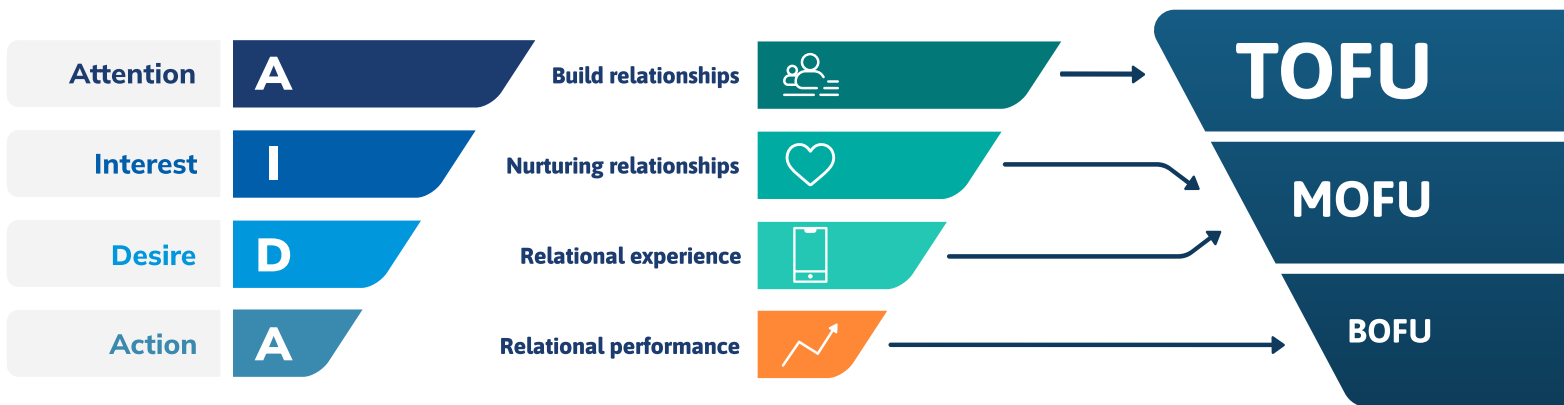
In addition, lead data integrity issues result in both time and resources being wasted, as well as poor client data which can undermine your marketing efforts. On average, it costs up to [\\$1 to prevent a duplicate, \\$10 to correct a duplicate, and \\$100 to store a duplicate if left untreated](#) (SiriusDecisions, 2021).

Another challenge with bought lead lists is the lack of detail in the data provided. Unfortunately, bought lead lists often fall short in personalisation, as they typically provide only basic information. Consequently, outreach efforts lack insights into the prospects’ pain points, goals, or expectations. As a result, the outreach may fail to resonate with potential clients, diminishing the overall effectiveness of the sales efforts.

When creating lists through demand generation marketing efforts, you gain greater control over the quality of the leads you collect. This usually involves gathering detailed information regarding your prospect’s activity, intent, challenges, and active projects so you can deliver more targeted campaigns. It also allows you to maintain data integrity and hygiene from the offset, ensuring that leads generated adhere to ICP criteria and buyer personas, possessing a higher potential for conversion. In fact, [68% of B2B marketers credit demand generation with delivering higher-quality leads than traditional methods](#) (Marketo, 2023).

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2 Relationships still need to be established



Source: [Why The Relationship Funnel Matters: A 4-Step Playbook For Generating Multiple Leads Per Account](#)

Even if the leads you acquire via lead lists are accurate, it is crucial to recognise that you are not purchasing a pre-existing relationship. Therefore, any prospective buyers contacted via outreach or lead nurturing initiatives are likely to be unfamiliar with your brand. This results in a higher probability of lead churn before buyers have the opportunity to develop an interest in your services or products.

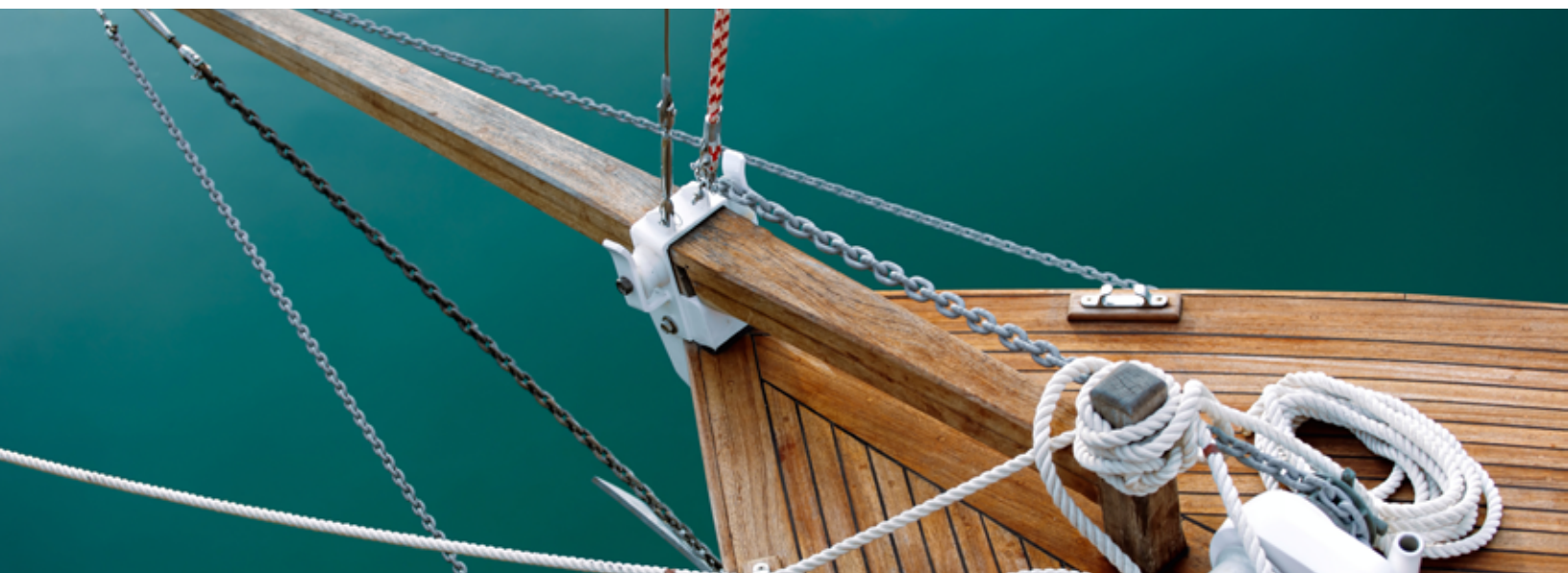
This is particularly concerning considering that [67% of calls coming from unidentified numbers in the U.S. go unanswered](#) (Pew Research Centre, 2020), the average [cold calling success rate is 2%](#) (Cognism, 2023), and an average of [23.9% of sales emails are opened](#) (Gartner, 2023). Therefore, unqualified leads are likely to result in your investment being less effective.

In addition, when purchasing lists of leads and reaching out to individuals who have not consented to be contacted, trust can be significantly compromised, particularly when [79% of adults assert they are very or somewhat concerned](#) about how companies are using the data they collect about them.

With B2B demand generation, however, the principal focus is to encourage lead relationships to evolve organically throughout the entire buying journey. Unlike purchased lead lists, demand gen focuses on creating a connection by providing valuable information, addressing pain points, and establishing your brand as a trusted authority in the industry. It prioritises a more organic and consent-driven relationship with potential clients and aligns seamlessly with ethical business practices.



[Discover the importance of the relationship funnel and how to generate multiple leads per account](#) →



3 Valuable lead lists can be expensive

High-quality lead lists often come at a higher price point (relative to their value), reflecting the added effort and resources invested in their preparation. Such lists typically include:

- **Focused data:** Targeting prospects within a specific industry and title
- **Comprehensive details:** Providing more than just basic contact information.
- **Data scrubbing:** Removing duplicate entries for accuracy.
- **Verification:** Ensuring the authenticity of contacts through double verification.

The potential ROI of lead lists will also begin to decrease, as data quickly becomes outdated as prospective buyers change jobs, positions, and contact details. In fact, [70% of data becomes stale within 90 days of its creation](#) (Varonis, 2022).

Alternatively, with a demand generation marketing approach, you can efficiently gather and organise relevant data for your solutions from the outset, eliminating the need for extensive data scrubbing later on.

By maintaining data hygiene and verifying leads throughout the nurturing process, these actions are seamlessly integrated into the overall B2B demand gen and lead nurturing process, saving costs in the long run. Companies that implement [effective demand generation strategies see an increase of up to 35%](#) in their marketing revenue generation and returns (Alexander Group, 2023).

[Our demand experts are readily available to assist you in crafting powerful demand campaigns to drive your revenue goals](#) →

4 Being blacklisted is a risk

Engaging in cold email outreach poses the inherent risk of being placed on email blacklists, which are dynamic databases designed to identify and flag IP addresses responsible for sending spam emails. In the current email landscape, [where nearly half of all emails \(45.37%\) are categorised as spam](#) (Mailmodo, 2023), the consequences of blacklisting can be detrimental to both email deliverability and sender trustworthiness.

Vigilantly monitor open rates when using an unverified email list, as a significant decline may signal potential blacklisting, particularly if emails consistently land in spam folders, eroding trust in your address. It is essential to address these issues promptly to maintain a positive sender reputation and ensure the effectiveness of your email outreach efforts.

With B2B demand generation, nurturing efforts ensure that your prospects are already familiar with your brand and direct touches are usually only initiated once they have shown intent. This approach minimises the risks associated with cold email outreach, as prospects are more likely to be receptive to your messages, leading to higher engagement and improved deliverability.

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5 Buying leads can lead to regulatory compliance issues

Buying leads can raise a matter of concern around basic data ethics and business practices that can jeopardise your reputation. In addition, non-compliant lead providers can often be difficult to identify.

When buying lead lists and before nurturing, it is strongly advised for marketers to familiarise themselves with CAN-SPAM, GDPR, CCPA, and other regulatory requirements, to avoid the risk of encountering penalties for inappropriate digital commercial communication.

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KEY TAKEAWAYS



- Lead lists should not replace organic marketing efforts like demand gen, which plays a crucial role in building brand awareness, establishing connections, and fostering long-term client relationships.
- Demand generation marketing generates better ROI than lead lists due to its focus on creating awareness, building relationships through targeted content, and nurturing leads for long-term success
- A lack of data integrity, as well as comprehensive buyer data within lead lists, is a limitation that impacts their ROI and marketing performance
- Cold email outreach using lead lists poses the risk of being blacklisted, impacting email deliverability. Additionally, buying leads without consent can erode trust and raise regulatory compliance issues, emphasising the importance of transparency and ethical practices.
- Lead lists lack pre-existing relationships, leading to higher churn rates. Additionally, high-quality lead lists are expensive, and the potential ROI may decrease as details become outdated quickly, impacting the overall cost-effectiveness of the strategy.

OUR INFUSE DEMAND EXPERTS ARE AVAILABLE TO BUILD HIGH PERFORMANCE DEMAND GENERATION PROGRAMS THAT DRIVE QUALITY BUYER ENGAGEMENT TO EMPOWER YOUR GROWTH.

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WHAT TO READ NEXT:

[How to Kickstart Your Demand Generation Strategy for Success: Top of Funnel Guide](#) →

[How to Drive ROI with Lead Intelligence](#) →

[How to Develop High-Impact Content for Demand Generation](#) →

The logo for INFUSE features the word "INFUSE" in a bold, dark grey, sans-serif font. Above the letters "I", "N", and "F" are three horizontal blue bars of varying lengths, stacked vertically. The bars are light blue for the first two and a darker blue for the third.

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