

●●● Who stole my leads? ●●●

And how do I get them back?

A perspective on lead generation, growth,
and conversion in the next economy.



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●●● Metric schmetric.

It's an age-old dilemma: How do we measure success in advertising and marketing? Research is great, but it's expensive and time-consuming. And trying to establish a correlation between a new campaign and an uptick in sales is tenuous, at best. So how do we as marketing communications professionals demonstrate effectiveness in terms the CEO can appreciate? That's right – leads.

Are we aware that ads and other marketing programs create value in more ways than just the leads they bring in? Sure. Can we convince senior management of this truth? Probably not, especially if they don't have a background in marketing. Are leads here to stay as a metric? You bet.

●●● The good old days

You remember them, right? When you needed leads, you ran a print ad program and generated hundreds of them for every insertion. In 1999, we ran one campaign for a client in the industrial automation industry that averaged more than 250 leads for every single insertion. Need a few more leads? Simple. Run a few more ads.



Back then, most companies weren't handling their leads very well. In fact, according to one study by McGraw-Hill, 93% of advertisers did either a poor job of following up on inquiries or failed to follow up altogether. But who cared? You had so many leads, it didn't seem to matter if a few folks didn't get their product literature.

And then, it happened ...

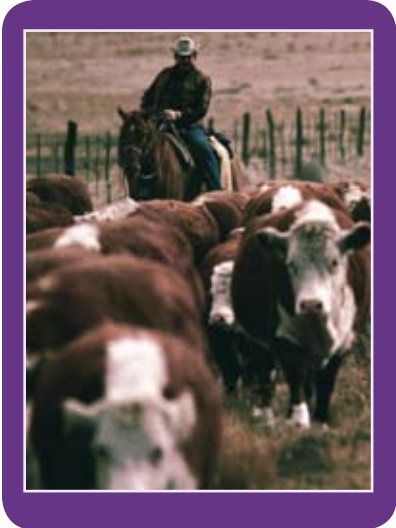
●●● A dark cloud on the horizon

Around 1997, marketers began to notice that their lead volumes were steadily decreasing. In 1999, one client told us that despite a 33% increase in their advertising budget, their leads from ads were down 50%. And this alarming trend wasn't isolated to one segment – it was a common theme in marketing and advertising. The media didn't have an explanation. Clients were mystified. And agencies often just shrugged.

Our premise is that this buyer behaves more like a purchaser of business-to-business technology – our sweet spot – than a traditional consumer. They think, research, evaluate, and agonize. And to what end?

●●● Like counting cattle

If leads are down, why is business booming? The turn of the century saw an era of unprecedented economic growth. During these years, most companies – both b-to-b and b-to-c – enjoyed soaring sales numbers. But where were all of these new customers coming from?



Just like before, they were the result of your marketing efforts. The problem now, however, is that they're much harder to quantify. Just think about all the new avenues for response that became viable in the 1990s:

- Toll-free telephone numbers
- Fax – including toll-free fax
- E-mail addresses
- Websites – including information for contacting the sales channel

Suddenly, the one simple way to count lead volumes – reviewing the reply card summaries supplied by the publishers – became almost irrelevant overnight. Just look at the number of publications that have dropped their response cards in the last five years. In its 2003 Editorial Audit, Injection Molding Magazine found that only 18% of readers used the reader inquiry card to respond to an advertisement. Contrast that with 48% who visited the advertiser's website.

To further complicate the matter, publishers quickly realized that if ad space buyers couldn't demonstrate a tangible value to management, their ad sales would plummet. So these publishers developed all manner of other response vehicles – storefronts, information request microsites, and a wide range of other response channels.

●●● The rise of ROI

In the '90s, marketers were introduced to a new term that had long been a fixture in the financial side of business – return on investment. Suddenly, marketing programs were subjected to ROI as the yardstick for evaluation, just like a manufacturing initiative. If you buy a new machine and can now produce 100 more widgets per hour with the same labor force, the payback period and ROI are pretty easily demonstrated. Marketing, however, involves the subtle psychological components of persuasion, motivation, and behavioral change, so it's far less quantifiable. In addition, marketing hasn't had the level of reporting sophistication enjoyed by functions like manufacturing. So, suddenly, disproportionate attention was paid to the only demonstrable metric available – leads. And overnight, beleaguered marketing directors found themselves reporting lead volumes to the weekly management team meeting – and having to explain why the leads weren't there anymore.

●●● Misleading metrics

The Internet further complicated the issue of leads. In the early days of Internet marketing, the most talked-about term at those management meetings was "hits" to the website. Savvy Internet marketers, of course, knew that this was an almost meaningless term. But when the IT director told the company president that the website got 30,000 hits last month, it made for a tasty (and memorable) sound bite. Suddenly, traditional marketing found itself in serious trouble.



●●● So what do we do about it?

A wise PWB client once shared the following proverb with us:

How do you eat a cow? One bite at a time.

In other words, there's no panacea for resolving the current dilemma over reduced lead volumes. It came about due to a complex mix of factors, and it demands an equally complex mix of solutions. But with integration, and with smart, coordinated work strategies, marketers can change the conversation.

●●● Define success

At the outset, it's important to quantify what "success" will look like. What are you trying to accomplish? Increased awareness? If so, how will you tell? Leads for a new product introduction? How many? Are you looking for more leads for existing products? Qualified, or raw numbers? Or maybe you don't care as much about leads as a measurable change in awareness – which leads to a wealth of additional questions. One of our clients uses "safe" and "stretch" goals to quantify its marketing objectives – that is, they outline what they'd be happy with, and what they'd be thrilled with.

If cost per lead will be a significant factor (as it often is), you need to consider several factors:

- What constitutes a "lead"? A "qualified" lead? A "hot" lead? Is there a mechanism in your infrastructure to tie new sales back to the lead source that initiated them?
- What will be included in the cost loading? Media only? Media and creative?
- If creative will be included, how will you amortize creative and production costs? Per ad? Or over the entire campaign?
- Will you differentiate between cost per raw lead, cost per qualified lead, and cost per sale?



●●● Pull the pieces together



How do you keep up on the news of the world? If you're like many people, you're not content with a single news source. Instead, you rely on multiple sources – newspaper, magazines, TV, radio, the Internet, your friends, your co-workers, and the like. As marketers, we need to recognize this fundamental change in the way humans gather information – and we need to adapt our practices accordingly.

Simply running some print ads won't cut it. Even the most elementary campaign plan must consider the web – in banners, rich media, sponsorships, search engines, landing pages. And don't forget the lowly direct-response postcard. It's a surprisingly effective, low-cost way to generate leads from buyers who are ready to make a decision. (In a study conducted by a leading trade magazine, an astounding 97.5% of respondents reported regularly reviewing these cards.) Nor should b-to-b and b-to-c marketers overlook broadcast, outdoor, and non-traditional media.

Once you've arrived at a channel mix that optimizes your budget for reach, frequency, and targeting, it's time to carefully consider your creative. Does the campaign "hang together" with all elements contributing to a consistent, motivating brand message? Does each component leverage the unique strengths and compensate for the weaknesses of the medium in which it will be delivered? For example, print ads are portable, but you shouldn't try to say too much. Web microsites are great for telling a more detailed story, but won't catch as many eyeballs unless you drive users there. Broadcast and interactive communications can add much-needed energy to branding efforts by use of motion, sound, and pacing – but can be costly to develop and produce.



●●● Ask some hard questions

We here at PWB are in the marketing and advertising business – so we’re a bit biased. But in our experience, there exists a minimum campaign spending threshold relative to almost any product and market. If a client can’t sustain a level of spending that gets them above that threshold, they’re wasting their money – and we’ll tell them so. Might as well push their cash into a pile in the parking lot, set fire to it, and send smoke signals. It’ll be about equally effective.



If you don’t have a ton of money, maybe it’s time for some careful, strategic media planning to maximize your investment. Concentrating your spending in a single outlet, rather than trying to cover the waterfront, may be your best bet. There are no clear-cut rules, but in b-to-b, we tend to discourage any campaign that has you in a publication less than 4x in a monthly, or less than every third week in a weekly. In b-to-c, it’s a more complex equation of reach, frequency, geography, and demographics.

Also, don’t automatically go to the long-established flagship magazine. Many of these have stumbled in the post-911 era and have lost readership, editorial quality, and other enticements – without a corresponding reduction in price.

●●● “Is advertising dead?”

In a word – NO. Research consistently supports the value of advertising as a decision-influencer. In a recent study of key executives by Yankelovich/Harris Interactive, professional journals ranked as the number-one source of information (46%) followed closely by the Internet (44%). And it’s not just information they’re getting – scores were similar when these respondents were asked which channels provided the most influence in purchasing products and services for their businesses.

What the research suggests is that diversification of media channels is important. The appearance of the web in these studies – starting in 1997 and including its meteoric growth since that time – makes it clear that the business marketer who doesn’t integrate this channel is in for sub-par results.

●●● B-to-B v. B-to-C

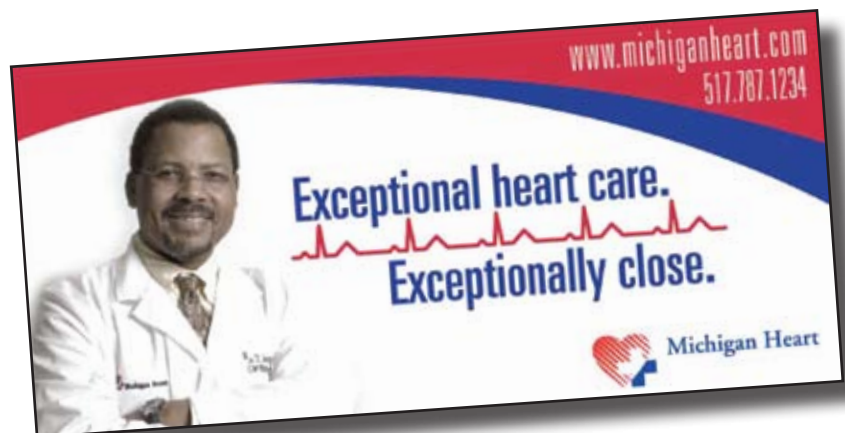
At PWB, we specialize primarily in business-to-business, though we have significant experience in more targeted business-to-consumer niche markets. For these markets, there are significant similarities, but also many differences.

Business-to-business

In most cases, it's all about effective targeting and minimizing waste circulation. That is, which outlet reaches the most prospects that meet your desired characteristics? Measurement methods are important – especially for web-based tools where standards still vary widely. Beyond this, consider contact frequency – be it advertising, web presence, direct mail, e-mail, newsletters. The trick is to be in front of the right prospects at precisely the moment they identify a need to purchase.

Business-to-consumer

Unlike b-to-b, where targeting and timing are key, b-to-c is a numbers game. Targeting is important, but it's typically far less precise than in b-to-b, since the appeal is usually broader (How many people in the U.S., for example, are in the market for a backwashing pressure filter for industrial wastewater applications? Now then, how many are in the market for car insurance?). In b-to-c it's a very different equation – considering available budget, reach, frequency, geography, duration, intensity, and a variety of other factors.





Drive response in ways you can measure

A clear theme of this paper is a simple one: If you can't count a lead, you didn't get a lead. How tightly you want to tie a lead to a sale is up to you, and the capabilities of your organization. If you have a full-blown CRM system that ties suspect, prospect, and customer databases together with a complete contact and purchase history record, it's a pretty simple task. If not ...

This is a good time to ask some hard questions of your sales and marketing team – and a good time to listen for some honest answers. If you don't have the right infrastructure for capturing a specific type of lead channel, you can do one of three things:

Outsource the function

For every channel – telephone, fax, e-mail, web – there are numerous companies who can manage your inbound traffic and provide detailed reporting. Typically, they charge on a per-inquiry basis and can either fulfill the information request or pass the lead off to your internal team. Many marketers have been able to partner with their sales group to share this cost, as it's really a first line of sales contact. And at \$7.50 - \$15.00 per contact, it's downright cheap when compared to \$329¹ for the average sales call.

Leverage your strengths – avoid your weaknesses

Does your organization have a good system and staff for handling web-based leads? Yet does its ability to handle telephone leads leave something to be desired? If so, consider directing the lead flow toward your strengths. Obviously, you want to make it easy for prospects to contact you, but it's something to consider. One of our clients was doing a terrific job with inbound toll-free telephone leads, but didn't have strong infrastructure on the web. The solution? We included the telephone number prominently in the ad, with the website address in much smaller type. When the website was improved, we gave the web address increased prominence.

Improve your infrastructure

We'll discuss this at more length later, but a simple step is to get better at the things you're not good at. Often, some simple changes yield dramatic results. If you can't count phone leads, consider adding dedicated numbers that allow you to simply review the call reporting logs. In many instances, it's as simple as some training – just tell the folks taking the inbound leads how their actions fit into the larger picture of marketing and sales.



¹ 2002 Reed Advertising Research Reports

●●● Change your tactics

If you have a strong background in direct response marketing, little you've read thus far has been a surprise. What's changed in today's lead-fueled world in terms of creative strategies is the added need for basic selling tactics, long a mainstay in the world of direct response. Whether it's a print ad, an online tool, a rich e-mail, or a brochure, you should always consider the following elements:

- WIIFM – "What's In It For Me" needs to come through clearly in direct language and visuals
- Ask for the order if leads are your ultimate metric – always ask for a response
- Don't try to accomplish too much – if an ad is trying to convey more than one or two key points, with supporting sub-points, you'll lose the reader
- Differentiate – in a few simple words, tell the reader how your product or service is unique among offerings in the marketplace

●●● The gray gulf

In the old days, there was a fairly distinct line between "sales" and "marketing." Marketing warmed 'em up and sales reeled 'em in. Not anymore. Consider these facts from Reed Business Information (2002 Reed Advertising Research Reports):

- Only 15.37% of salespeople personally called on their customers in 2001
- Only 72% of customers received at least one sales call in 2001
- It takes between 3.3 and 6.5 sales calls to make a sale
- The average sales call (2001) costs \$329

Given all these factors, it's critical that the transition from marketing activities to sales activities takes place on a gradual continuum. Getting these two groups to collaborate effectively, however, is a daunting task. A recent article in BtoB magazine² summed it up best: "Changing the organizational chart and creating common definitions, goals, and metrics solve some of the problems. But topping the list of changes is constant, open communications." To illustrate this point, the article also cited a



computer hardware company whose marketing group had set up a telesales group because they thought the key messages weren't being clearly conveyed. Meanwhile, the sales group had started to independently create their own marketing tools.

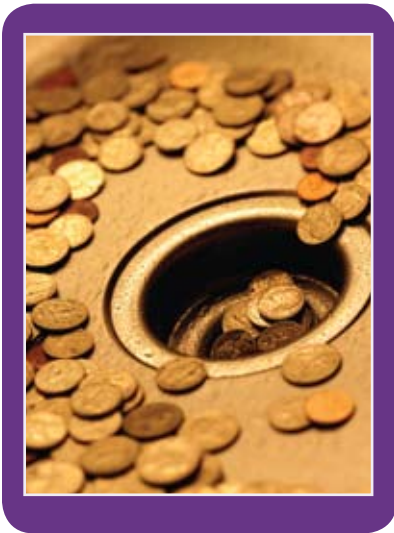
It's clear that early, open, and honest dialogue with one's sales staff is key to any successful lead generation initiative. After all, everybody wins in this interaction. The sales team gets more of those precious leads, and better ones that are nearer to closing. And marketing gets more cooperation in reporting and quantifying the impact of its outbound efforts, as well as gaining insight into whether a program succeeded or failed, and why.



It's what you do with what you buy

When clients learn of my background with lead management systems, the first question I'm often asked is something along these lines:

"What software do you recommend for lead management?"



While having a workable way of tracking leads is important, for most organizations it's more about having a clear, consistent, documented process for handling those leads. Everyone who comes into contact with a prospect needs to know exactly and precisely what the next step is – and they must execute consistently. A multi-million-dollar CRM package isn't worth a nickel if no one ever bothers to enter the lead. And if there's no follow-up after the literature arrives with the prospect, you can probably forget about ever making that sale.

That said, having a good process will not entirely replace having a fundamentally sound software platform. Even some fairly low-cost solutions like ACT!, Goldmine, or salesforce.com have some amazingly powerful capabilities.

●●● Connect the dots



On a theoretical level, integrated marketing communications is a no-brainer. The synergistic (five Buzzword Bonus Points) value of integrating outbound and inbound channels to build a total brand and generate solid leads is immense. The practical realities of effective execution and follow-through, however, are no small matter. Before launching a campaign, it's important to work out timing, coordinate metrics, and clearly define roles. If you don't invest the time required for this critical step, you run a serious risk of losing hard-won leads, alienating potential customers, and frustrating the sales channel. Key issues to consider include the following:

Timing

Carefully consider lead times for publications, the time it takes to print and mail your direct mail, distribution timing for direct e-mail, web development timeframes, and other factors. The best strategy is to determine launch dates for each medium and build your schedules backward from there.

Metrics

At the outset, define the key metrics for consistent evaluation across media. A "hot" lead should be clearly defined in print advertising, in direct mail, and on the web. If multiple internal and external resources and reporting solutions will be used, these should be coordinated at the outset. And be sure to evaluate your web-based metrics with especially great care.

Roles

make sure everyone on the team (internal resources and outside vendors) knows the roles of all the other team members and how they fit together. If not, you may have one team member make a seemingly innocuous change that proves catastrophic somewhere downstream.





It won't happen overnight

The world of marketing has changed drastically in recent years. Leads no longer come in through a single channel. Prospective customers are bombarded with messages, many of them poorly targeted. But putting together a program that consistently addresses the issues detailed in this paper can help pull your marketing programs together to generate real, quantifiable increases in lead volumes – and, ultimately, increases in sales.



As I mentioned in the adage about eating a cow (with apologies to the vegetarians in the audience), you need to start somewhere. I suggest you find something you're already doing fairly well, and start there. Some early successes will only bolster your efforts to improve your systems, your creative process, and your overall thinking. Then you can move on to tackle the big issues.



About PWB Marketing Communications

Since 1986, PWB Marketing Communications has been helping its clients generate leads, grow sales, and build thriving brands. With special expertise in complex products, services, and markets, PWB is uniquely qualified to help communicate the essence of business-to-business and business-to-consumer solutions. Core experiences cover marketing in the industrial/ manufacturing, health care, technology, professional services, insurance, and hospitality industries, among others.

To learn more about PWB, please visit our website: www.pwb.com.



About the author

Sean Hickey is Chief Operating Officer of PWB Marketing Communications. In addition to management responsibilities, Mr. Hickey also manages client accounts in manufacturing, industrial, automotive, healthcare, and other sectors. Prior to joining PWB in 1994, he spent five years with Gage Marketing in sales and marketing roles, and also had marketing responsibilities at Dow Corning Corporation. Mr. Hickey holds BAA and MA degrees from Central Michigan University.

