THE ART (AND SCIENCE) OF SUCCESSFUL
ONLINE LEAD GENERATION

WHAT'S INSIDE

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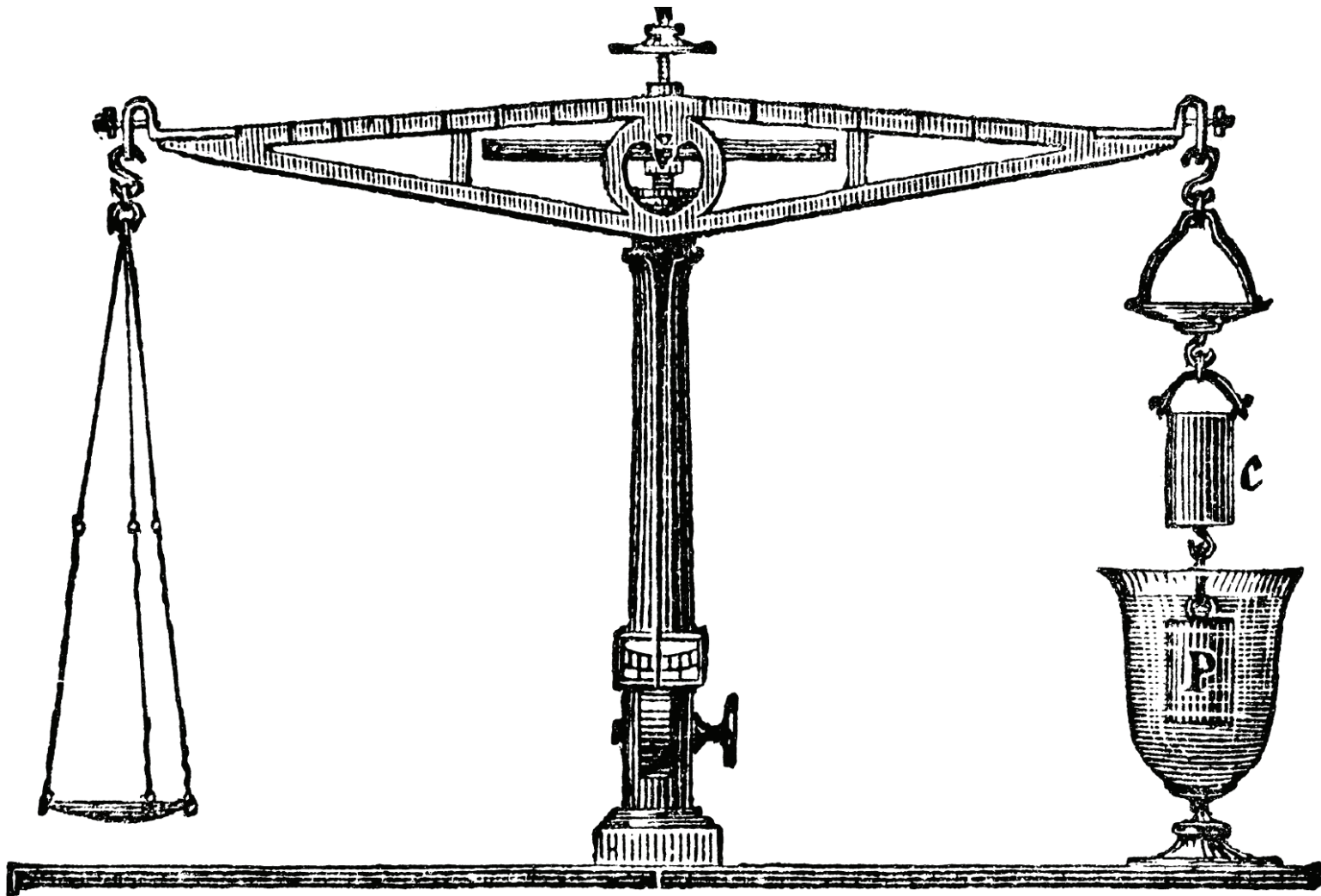# THE ART (AND SCIENCE) OF SUCCESSFUL ONLINE LEAD GENERATION

ONLINE LEAD GENERATION: A POWERFUL TOOL FOR BUSINESS

Online lead generation - the process of reaching prospective customers using the Internet - can significantly ramp up revenues. Because of this, it's becoming increasingly popular. In fact, companies in the United States are expected to spend $1.47 billion on online lead generation next year, according to eMarketer.

Online lead generation can be a great way to identify prospective customers and drum up business for your company without breaking the bank. Indeed, you don't have to have a large marketing team on your side to benefit from it. That's the beauty

of online lead generation - organizations of any size can use it to target prospects and boost revenues.

Industry data illustrates the growing popularity of online lead generation. In November of last year, the Internet Advertising Bureau released a report that offered insight into online ad revenues for the first half of 2011. During that time period, lead generation was up by nearly one-quarter (24.5 percent) to 5 percent of the market, or $805 million in revenues.

Econsultancy's Online Lead Generation Report 2010 told a similar story. Online lead generation was found to be responsible for nearly half (42 percent) of all sales, with respondents pointing to cost-effectiveness as its main advantage.

Any business can succeed with online lead generation, but to get the best results, you have to find out exactly what works for you. There's a science to it - for instance, testing has determined the five key steps you have to follow. Skip over one or carry them out in the wrong order, and like an ill-advised science class experiment, things are likely to get messy. That said, generating leads online is also part art. It's not a one-size-fits-all affair, and you'll probably have to mix and match to find out what works best for you. Ultimately, your approach is likely to be as individual as your company.

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IT TAKES TWO

Throughout this paper, we'll be discussing two types of leads - those that are purchased and those that are captured.

Purchased leads are bought from a lead generation company such as BuyerZone. The company does the work to track down people who might be interested in your product or service, verifies the information to some predefined extent, and passes them to you. These companies bring a lot of expertise to the science of lead gen that your business may not have in-house.

Captured or organic leads are those that your enterprise receives directly - for example, when a user fills out a form on your website. As Internet business consulting company Electric Speed explains, "Organic leads are 'hot' because there is no lag time between when the user submits the form and when you receive the lead, so you are able to respond to it quickly."

Organic leads are exclusive in the sense that the form only goes to you, but keep in mind that prospects are likely to submit forms on several websites at the same time, so you're not necessarily free from competition.

Leads from different sources behave differently - a lead that comes in through your website has a stronger connection with your brand than one purchased from a lead generator, for example, and may be easier to convert to a sale. However, organic leads are also more difficult to generate at decent

volumes, since there are many people searching for your products who aren't familiar with your brand, so you'll probably want to use them in conjunction with purchased leads.

Regardless of the source, there's a step-by-step process you should follow in order to reach your maximum ROI: a careful, scientific approach. That said, you should also inject a certain degree of artistry into the tasks. This is where choosing to emphasize a particular messaging approach comes in.

STEP ONE:
START AT THE BEGINNING

The first stage of the process is lead planning, during which you decide on the demographics you're targeting and make a plan for how to best capture the interest of these consumers.

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Developing buyer personas is a useful way to get started. Create an outline of the characteristics of your typical buyers: what they like, where they get their information, what they know, and what their needs are. Without comprehensive buyer personas in place, your marketing team won't know who to market to. You should be able to use buyer personas to answer questions about your target audience's pain points, goals, values, and desired shopping experiences.

There are a number of different ways to target prospects, and the approaches you choose should vary depending on the preferences of your selected demographic. For example, younger and more tech-savvy consumers tend to use smartphones and tablets more than desktop and laptop computers, so if you're going after that demographic, it's important to optimize your outreach efforts with mobile devices in mind.

The more targeted your campaign is, the more people will respond to it. The higher your response rate, the more ROI you will generate - and at the end of the day, high ROI is the name of the game.

Once you know your target audience, you need to define what a marketing qualified lead (MQL) or sales qualified lead (SQL) looks like for your business, which is something that's likely to be as unique as your company itself. It's important to get sales and marketing in a room to define exactly what makes a lead an MQL or SQL - for instance, whether a prospect has expressed interest, confirmed their contact information, provided budget parameters, or given purchasing authority.

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With a target audience and lead definitions in place, it's time to look at your business plan for the future and align your marketing goals with it. Set benchmarks such as the number of leads you want to acquire, cost per lead, and fulfillment times, and come up with specific, ideal numbers for campaign ROI, expense/revenue ratio, and the like - all with the final goal of a revenue increase in mind.

STEP TWO: BUILD YOUR ACQUISITION CHANNELS

There are a number of sources you can develop to acquire leads. These can include:

- A form on your company's website - or a phone call or email from someone who finds you online. This is the most basic source, but you have to take responsibility for maintaining

it. That means constantly checking for submissions and regularly testing your landing pages and conversion forms to make sure you're getting as many leads as you can.
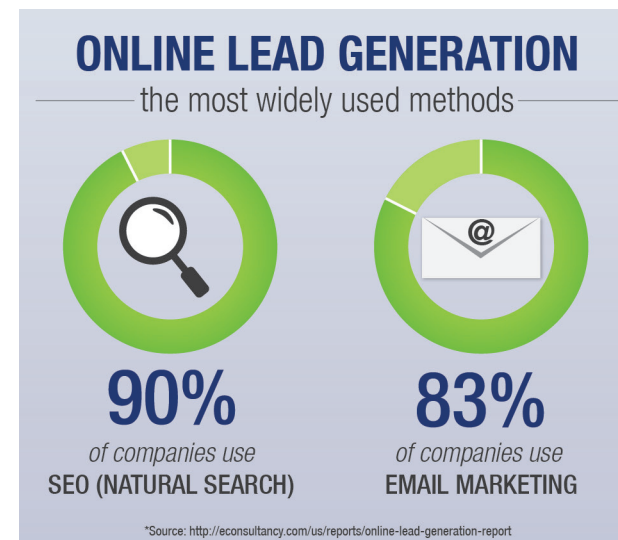
- Natural search engine optimization (SEO). Still the most frequently used online lead generation tool, 90 percent of the more than 500 advertisers, agencies, and publishers that took part in Econsultancy's Online Lead Generation Report 2010 said they incorporated natural SEO into their Internet-based lead generation efforts.

- Paid search and other online advertising. Whether it's pay per click search advertising, site sponsorships, or display ads, online advertising can be an important part of your lead generation efforts.

- Social networking sites, such as Facebook and Twitter. If leveraged appropriately, these sites can be immensely beneficial to lead generation efforts. For instance, according to Mashable, marketing blog and consultancy Penn Olson generates 35 percent of its web traffic via social media.

- Email marketing to rented or in-house lists. In 2010, 83 percent of those surveyed by Econsultancy reported using this method, compared to 74 percent in 2009.

- Third-party lead generation services, which can include search-based, email, white paper, and other types of leads.

It's important to diversify sources because prospects who don't use one channel can still be reached via another. Think of it as casting a wide net. In addition, using a diverse range of lead generation techniques ensures you get a cross-section of clients. If one lead source stops being viable for whatever reason, this development - while unfortunate - won't sink your company because you'll have a number of others to work with. In contrast, if you rely solely on just a few resources, a loss of one channel could hit your business hard.

When you're leveraging multiple channels, it's important to find the optimal balance between the lead cost, volume, quality, and effort required for each channel. We recommend you determine the optimal lead cost and volume for your company and then tailor your channel mix to match.

Tracking is important when using multiple channels, and using the right tools will let you calculate ROI further down the line. Use your current CRM or contact management solution to input each lead you receive. Members of your sales team can

ONLINE LEAD GENERATION
the most widely used methods

90%
of companies use
SEO (NATURAL SEARCH)

83%
of companies use
EMAIL MARKETING

*Source: http://econsultancy.com/us/reports/online-lead-generation-report

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update the information when necessary and report on closes as they're made. If you don't have a CRM system, setting up a simple Excel spreadsheet will work in a pinch, although CRM is certainly a preferable option.

EMAIL AND AUTOMATION

Email is an extremely popular way to aquire prospects. ExactTarget's recently released 2012 Channel Preference Survey revealed that 77 percent of consumers chose email as their preferred channel for promotional messages, with direct mail taking second place. Epsilon Targeting's December 2011 Consumer Channel Preference Study backed up ExactTarget's findings, ranking email as the most acceptable channel.

You're probably aware that email can be automated, but it's not the only contact method with which you can take this approach. In fact, virtually every method of outreach can be automated or outsourced, allowing you to take advantage of the unique channel benefits without having to dedicate a lot of time or money to the effort.

STEP THREE: FOLLOWING UP

In order to convert leads to sales and prevent revenue opportunities from going cold, quick and consistent follow-up is essential. You need to hold prospects' interest and prevent them from turning to your competitors. According to Electric Speed, people tend to fill out between three and five online forms, and the company who responds the fastest ends up securing the deal in more than half (55 percent) of cases.

"Without a consistent and professional approach … leads will never convert to deals on their own," notes B12 Leads.

You'll primarily be reaching out to prospects using phone calls or emails, and learning to balance the two methods is important. But what matters more than the way you follow up is how long it takes your company to do so. Indeed, according

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TARGET → ACQUIRE → FOLLOW-UP → SALES → MEASURE

NURTURE
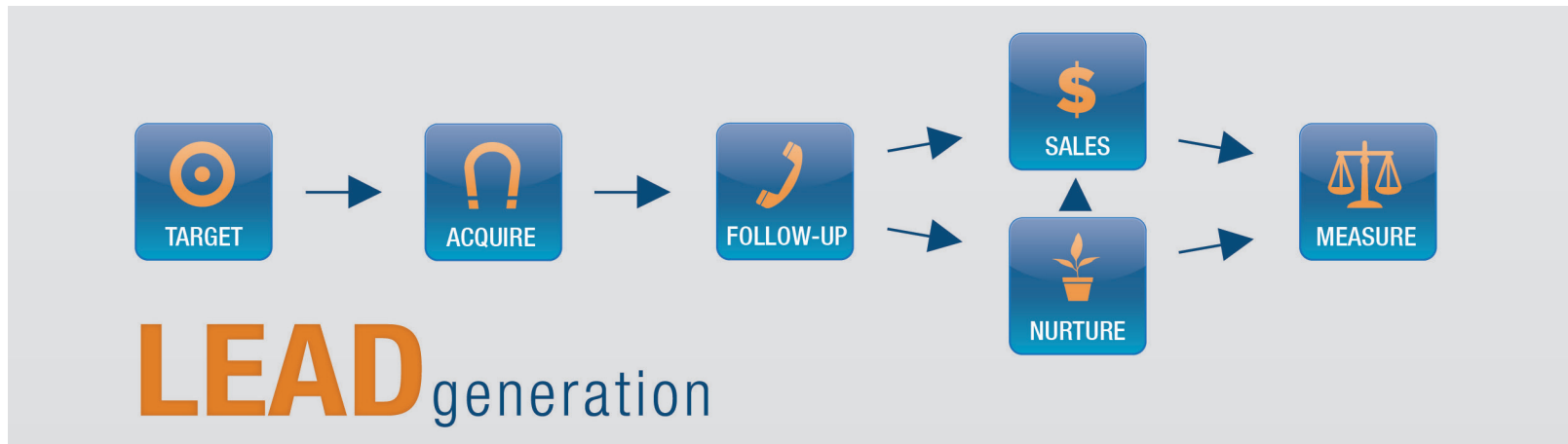
to a Harvard Business Review report, companies that make contact with a prospect within the first hour have a seven times greater chance of qualifying leads than those that wait a day or longer.

"Leads must be segmented as quickly as possible by Marketing so that they can be passed on to Sales while they are still 'hot,'" notes online marketing website Swyzzle. "There is nothing worse than wasting a good lead. Sales must follow up on the leads promptly, before they get cold." Even if your follow-up process doesn't require further marketing qualification, quick follow-up from your sales organization is paramount.

We advise that buyers be contacted within hours or even minutes. If you keep prospects waiting, you risk substantial decreases in revenue and ROI. According to a Leads360 study, leads responded to outside "the classic work week

window" (Monday to Friday from 9 a.m. to 5 p.m.) have a higher conversion rate than average, so consider testing off-hours responses. Providing customized responses is another way to generate better-than-average ROI.

Even with these tips under your belt, don't be discouraged if you don't reach prospects immediately. We're not the first people to point out the importance of calling quickly, so there will be plenty of competition. Don't let this put you off, however. Your continued perseverance will likely pay dividends, though it may take some time.

STEP FOUR: FROM FOLLOW-UP TO NURTURING

You've acquired a lead and followed up on it, but they're either not ready to buy just yet, or you can't make contact even though

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they seem like a good prospect. Now what? The next step is to turn an unqualified lead into a qualified one.

Lead nurturing is all about cultivating a rapport with prospects, not badgering them at regular intervals to see if they're ready to make a purchase. Unless you put the legwork into converting an unqualified lead into a qualified one, your targeted prospect is unlikely to miraculously go from giving you a "no" to suddenly offering a "yes." It's important to understand when buyers are early in the decision-making process, and instead of pressuring them, give them the tools to make the right choice: unbiased content that educates and informs without selling. That can include basic text articles, PDFs, webinars, videos, white papers, calculators - almost anything that helps prospects make good buying decisions. Content marketing
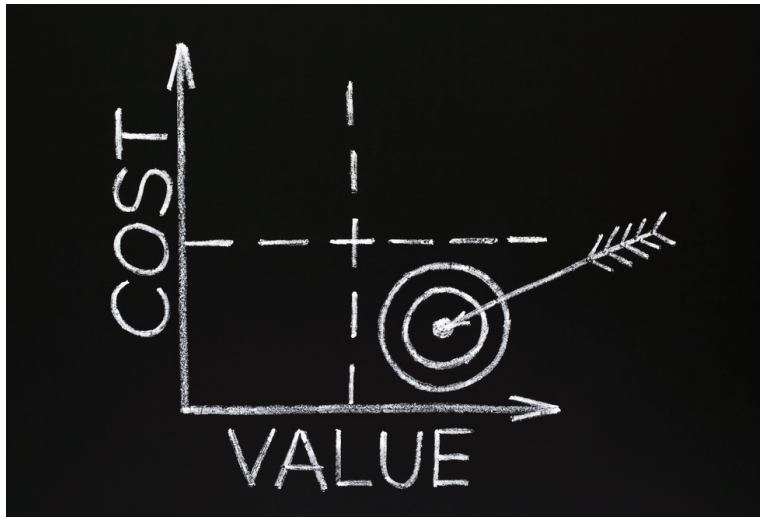
is all about equipping prospects with these tools and then nurturing the lead at regular intervals to make sure your hard work doesn't go to waste.

From a scientific perspective, the correlation between frequency of contact and overall results is clear: it may require up to seven 'touches' before you can close a deal. However, once again, it's about more than just science. What could ultimately prove to be the difference between a successful lead and one that fizzles is the artistry you bring to the nurturing process, including the types of content you create and how you provide them.

Ultimately, you have to build your relationship with prospects before you can expect them to buy. We recommend sharing content online - for example, via a company blog, email, or social networking channels - and promoting it directly to your prospects. Incentives can often be helpful as well, as you can compare and contrast response rates to determine the effect an incentive has or gauge the success of different types of incentives to zero in on which is likely to bring in the highest ROI. And consider automation: even small companies can take advantage of marketing automation tools to help manage these processes.

Remember, leads that aren't ready to close shouldn't be forgotten simply because they're not responsive initially. After all, they could be valuable down the road. It's important to realize the merits of developing a lead over a period of time vs. expecting immediate gratification.

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STEP FIVE: MEASURING ROI

In order to gauge how successful your online lead generation efforts have been, you need to have metrics in place for measuring ROI.

When it comes to calculating your return on investment, there are several approaches to take and a plethora of metrics that can be incorporated. According to Marketing MO, the best formula for marketing ROI is subtracting marketing investment from gross profit and then dividing this by marketing investment. So total up how much you've made on leads from each channel, subtract the cost of bringing those leads in, and divide by the cost. The resulting percentage is the ROI for each channel.

It's important to leverage solid ROI calculations across each channel in order to get a complete, accurate picture of which efforts deliver the greatest return. This will help you identify lead sources that provide lower volume but high value, or high close rates but low value deals. Additionally, be on the lookout for sources that start off strong but fizzle out over time.

Ultimately, though, you should go beyond the common measurement of cost-per-lead by using additional metrics to help you gain a better understanding of how your company handles and pursues leads. In a B2B Lead Blog post, Brian Carroll, executive director of revenue optimization at

MECLABS, outlined a few real-world metrics besides ROI that can be used to determine the true value of a program, including number of inquiries, leads, opportunities, and closed sales. Once these are known, key performance indicators such as lead to opportunity ratio (cost-per-opportunity), lead to pipeline revenue ratio (cost-per-pipeline revenue), and lead to sale ratio (cost-per-closed sale) can be tracked.

Once you've collected this data, you can use it in two ways:

- Look at what you're doing well and aim to improve upon it and expand to other areas.

- Identify areas that are less successful, uncover the reasons behind this and address them accordingly.

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BEST PRACTICES

We've outlined five best practices that should be followed in order to achieve the greatest results from any lead generation program -- and there's some science and some art in each one.

1 Set definitions and goals. The science part of this involves getting exact definitions and volumes down, while the art is determining which specific demographics you're targeting.

2 Diversify lead channels. You can acquire leads via a form on your company's website, natural SEO, social networking sites, email marketing, and custom lead generation companies like BuyerZone. Science comes into play when targeting lead channels and determining how you can make them work for you. Art enters the picture when crafting an individual approach for each channel in a way that maximizes ROI.

3 Follow up promptly and effectively. Bring the science by combining your own judgment about contact methods with careful measurement of different combinations of phone calls, emails, and direct mail to determine which approaches are the most effective - and remember that often, a multichannel approach works best. But exactly what you say in those calls and emails is more of an art.

4 Use content marketing and lead nurturing tactics to get value out of leads that aren't ready to buy just yet. It's important to finesse prospects into making a purchasing decision on their own. The science here involves measuring your target

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audience's response to different types of content and varying delivery methods and schedules, while the art is what goes into the content itself.

5 Measure and track conversion rates and lead costs for each stage of the lead generation and follow-up process. This is a largely scientific endeavor, but there's an artistic element to picking and choosing the best metrics for the job.

CONCLUSION

Online lead generation is part art, part science. On one hand, there are certain steps that must be followed - for instance, a mirroring of the sales funnel process, which is comprised of planning/ targeting, acquiring, follow-up, nurturing, and ROI. On the other hand, companies' specific approaches to these steps need to be customized for every industry, product, and target market.

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The process may seem daunting, so don't be afraid to ask for assistance. As Performance Marketing Insider notes, outsourcing to a marketing company or consultant may seem like an unnecessary expense for your business, but in the long run, outside help can "lead you through a process that will provide you with maximum value and minimum risk."

The important thing to note is that with a combination of creativity and attention to detail, any company can benefit from online lead generation. This relatively inexpensive approach to identifying customers and boosting business yields high returns while providing detailed tracking and customizable volumes and sources. All of this makes it an extremely viable avenue of which your company should take full advantage of. ▪

About BuyerZone

Since 1992, BuyerZone has helped connect millions of businesses with thousands of quality sellers for hundreds of products and services. Buyers save time and money on important purchases by receiving free price quotes from sellers who best meet their needs. BuyerZone's lead generation programs and marketing services provide sellers with cost-effective, easy-to-implement and results-focused solutions that deliver leads from prospective buyers at every stage of the purchasing cycle.

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