

2010 Lead Generation Optimization Key Trends Analysis



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2010 Lead Generation Optimization Study Introduction

As we wrapped up presenting the findings from the 2009 Lead Generation Optimization (LGO) study to our advisory board last year, we noted two key facts. First, 86% of the sales organizations we had previously surveyed as part of the 2009 Sales Performance Optimization (SPO) study said they had raised revenue targets for 2009. Second, the 2009 LGO study subsequently found that 67% of the participating marketing executives reported freezing or reducing their marketing spend compared to the previous year.

When we then asked, “So what do you think?” One of the roundtable members observed, “This could get ugly, real ugly!” How right he was.

Companies finished 2009 with the biggest drop in sales performance they had seen in the 16 year history of developing and delivering our annual SPO study. In February of this year we reported that for 2009, the percentage of reps making quota had dropped to 51.5% from 58.8% the previous year. In addition, the percentage of overall plan attainment had dropped to 77.9% from 85.9%.

In retrospect, the decision to curtail marketing investments could not have happened at a worse time. Armed with the knowledge of what happens as companies tried to “cut” their way to success in 2009, we were very anxious to see what the 2010 LGO study would find.

Had companies decided to rev up their lead generation engines again? If so, what types of demand generation programs were they going to invest in to generate the best results? And what about process and technology? Would more companies commit to implementing formal approaches to handle lead scoring and lead nurturing, and would CRM lead generation investments increase?

In the following 2010 LGO Key Trends Analysis, we will share the answers to all of these questions, as well as provide specific insights into how your peers are optimizing their lead generation efforts in 2010. To lay the foundation for this report, let’s start by sharing the background of this study.

2010 Lead Generation Optimization Study Overview

Over 635 firms took part in the 2010 LGO study, up from 550 firms the previous year. Participation in the study was by invitation, and candidates were prescreened by their job function. Data for the study was collected using a web-based data collection tool.

The survey instrument was designed to be completed in approximately 10-15 minutes. Participants had the option to sign off from the site, return, and continue where they left off if they needed to gather information or had a time constraint. Also, “not applicable” and “do not know” were offered as acceptable choices for many of the questions related to their marketing programs.

In terms of the size of the firms taking part in the study, 63% were small firms (less than \$50M in revenues), 22% were medium sized companies (\$50M to \$500M in revenues), and 15% were large enterprises (>\$500M in revenue).

As with most of our past studies, we sought participation from multiple industries. Figure 1 shows the high level industry mix. Technology firms (software, hardware, telecom) represented the largest group of participants, followed by services related firms (financial services, high tech, general business, advertising/PR, etc.). Traditional manufacturing firms and other (non-profits, education, distribution, automotive, pharmaceutical, healthcare, travel, retail, etc.) also contributed to the study results.

2010 LGO Study Participation by Industry

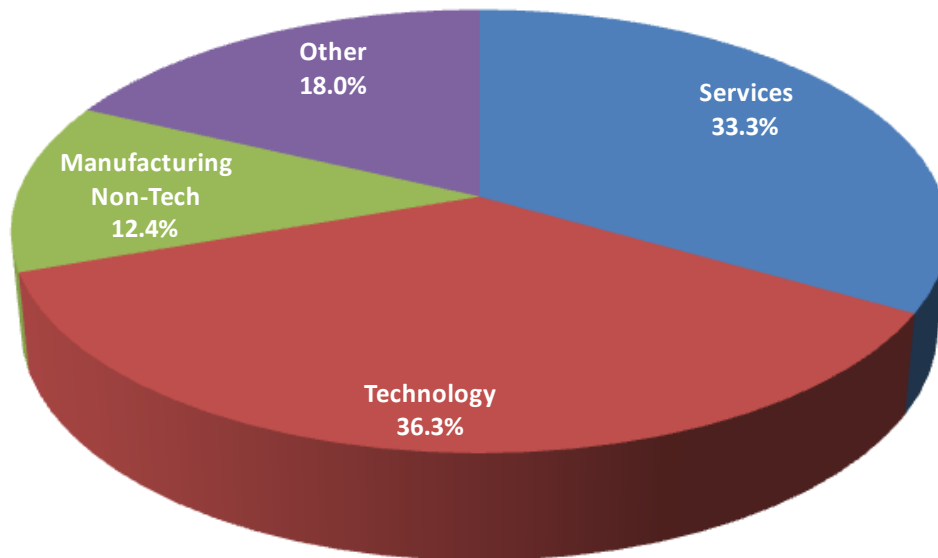


Figure 1

In looking at the geographic participation, 76% of the firms were from the United States and 24% were internationally-based companies.

To complete the following analysis and give an overview of the world of lead generation as a whole, we aggregated the data across all responses received. We have the ability to further segment the data based on industry, company size, and other factors. [CSO Insights](#)' research clients who would like segmented study data should contact their analyst or e-mail laura.andrus@csoinsights.com.

2010 Lead Generation Focus

The initial questions in the 2010 LGO were designed to surface the priorities companies had regarding their lead generation efforts for this year. In addition, we wanted to see if anything had changed regarding the budgets marketing teams had been allocated to achieve their companies' goals. Figure 2 shows the survey participants' responses to the question, "What are your top three objectives for 2010?"

Top Three Strategic Marketing Objectives for 2010

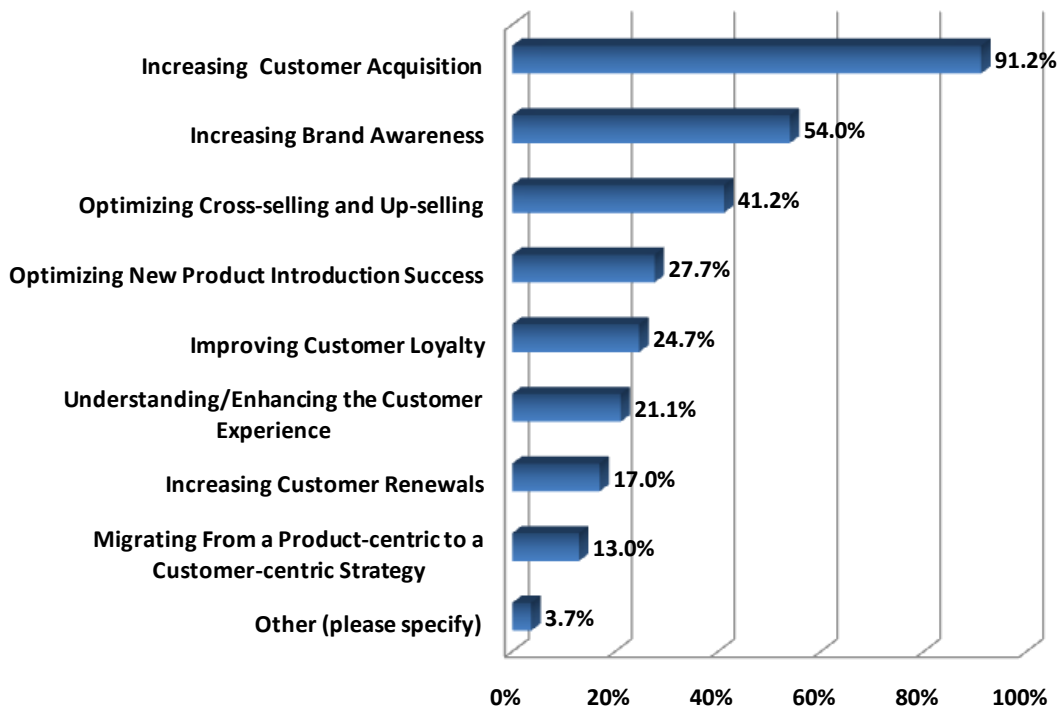


Figure 2

Looking at the top three mentioned objectives, we note some changes from a few years ago.

- ❖ **Objective #1—Increasing Customer Acquisition:** In 2007, customer acquisition ranked number two on the list, where 65% of the firms surveyed listed it as a key priority for marketing. The realities of the current economic environment have shot this to number one for 2010, as indicated by over 91% of the current study participants.
- ❖ **Objective #2—Increasing Brand Awareness:** Branding was selected by 52% of the firms in 2007, 40% last year, and now it is cited, at an all-time high, by 54% of companies surveyed. Trends in social media may be responsible for marketing once again focusing on optimizing how the company and its products are viewed in the marketplace, moving beyond just one of many vendors to a preferred supplier status.
- ❖ **Objective #3—Optimizing Cross-selling and Up-selling:** As companies are looking to show investors that they can once again achieve revenue growth, this objective dovetails nicely with the “acquire customers” goal, as it focuses on optimizing the size of deals and increasing wallet share with existing customers.

What to do is clear to the firms we surveyed, but do they have the budgets to execute the programs necessary to meet these objectives? We asked the LGO study participants how their 2010 marketing budgets compared to those of 2009 as shown in Figure 3.

2010 Total Marketing Budget Compared to 2009

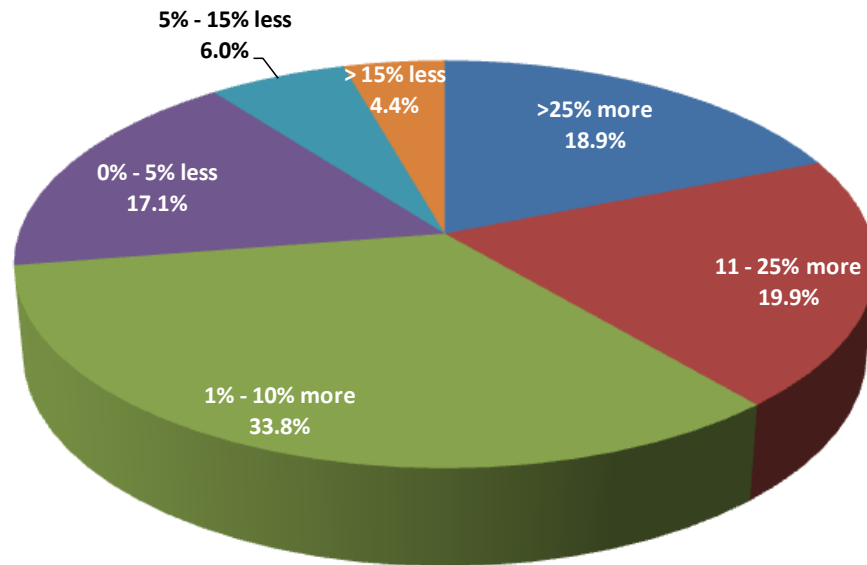


Figure 3

Here we see a major turnaround. As we stated earlier, in 2009 67% of the firms froze or reduced their marketing spend. This year that number plummeted to 27.5%. More firms are willing to put more funds to work, but how will these budgets be spent?

The remainder of this report outlines the trends surfaced from our 2010 LGO study. Leveraging the study data, we show you what types of programs are generating the best returns on investment: How firms plan to allocate investments based on the levels of success of the various programs they can implement; what challenges they will face in executing those campaigns; etc. In addition, we provide insights into best practices companies are implementing to optimize their lead generation effectiveness.

We encourage you to see what your peers are doing and then assess how your company may compare to them. If you have questions regarding the data presented in this report or the observations made, feel free to contact us.

We hope the information presented in this analysis will help you to more effectively optimize your organization's target marketing efforts. While we believe the issues raised have broad applicability, we encourage you to use this information only as the basis for brainstorming and goal planning sessions for identifying and prioritizing your organization's lead generation objectives. Everyone can benefit from understanding the strategies and tactics other companies are using, but in the end, you must implement solutions that fit your specific business needs and not those of other firms.

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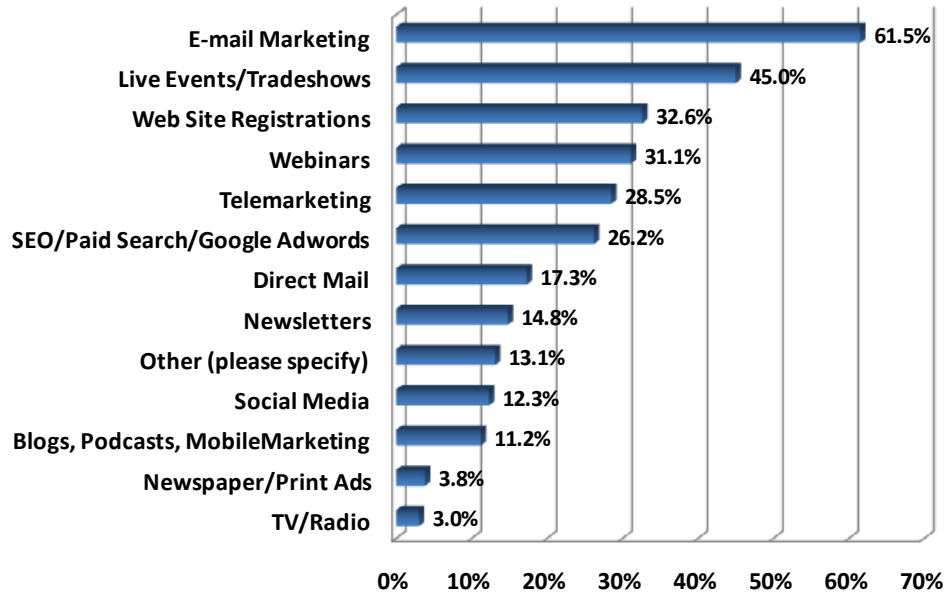
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2010 Lead Generation Optimization – Key Trends Analysis

What three programs are generating the best quantity/quality of leads?

Top Three Lead Generation Programs Based on Quality/Quantity of Leads



Key Findings

- ❖ Web-based marketing is generating the best results.
- ❖ 51% of firms now track ROI for lead generation programs.
- ❖ Top three ROI metrics combine to align with sales success.

Commentary

A decade ago, when we completed our first sales and marketing alignment study, while web-based marketing was picking up steam, the best sources of leads were mostly traditional, direct marketing programs such as direct mail, telemarketing, live events, etc. Above we see that a paradigm shift has now moved web-based marketing to the forefront.

E-mail marketing topped the list again this year, as it did in 2009, but moved up in the percentage of responses from 59% a year ago to 61.5% this year. Web site registrations moved up from number four last year, to number three, and webinars jumped from number six to number four. For the first time, social media broke into the top ten lead generation programs.

Direct mail saw the biggest drop in ratings, coming in this year with a 17.3% frequency rating, down from 29.5% in 2009. One other item of note with what we are calling new media (blogs, podcasts, mobile marketing, etc.) is that while it is still getting a fair amount of buzz, it has not moved up the list in terms of impact from a year ago.

One trend we did note from the new study data is an increased focus on the part of marketing teams to determine the specific return on investments (ROI) they are seeing from the various lead

generation campaigns they are running. For the first time in the history of our LGO study, over half of the firms stated they now have the processes in place to track campaign ROI.

These firms reported the top three metrics they use to assess the value of their lead generation programs are:

1. Total number of leads generated per campaign
2. Number of leads that convert to sales opportunities
3. Amount of revenue ultimately closed from those opportunities

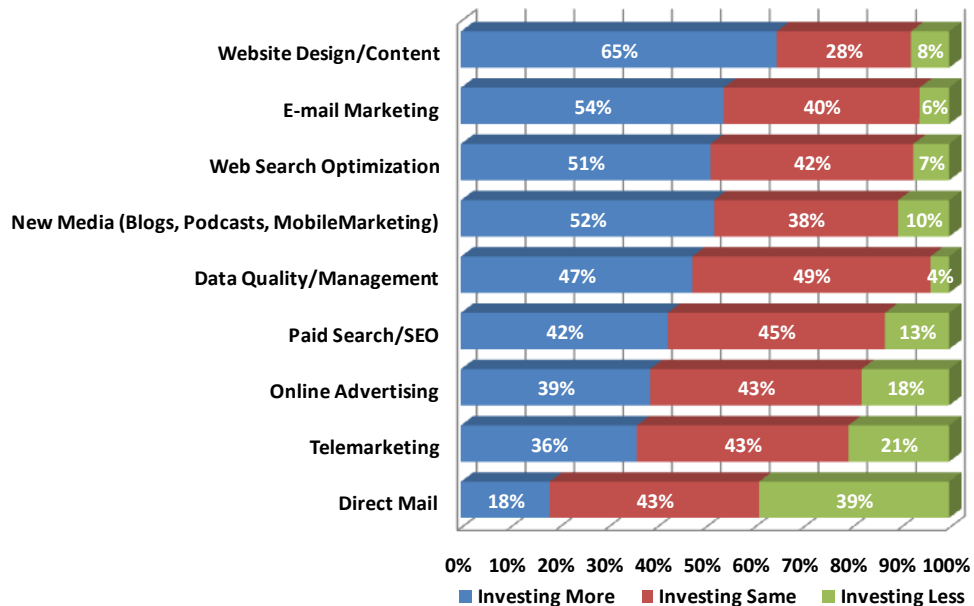
A key part of determining the ROI is the ability to track the disposition of all leads by source via a CRM system. With over 75% of all sales organizations leveraging these applications today, marketing now has visibility into the life cycle of the leads they are generating. This allows them to expand from just measuring success in terms of “awareness” and “impressions”—the metrics they often had to rely on in the past.

Notes:

2010 Lead Generation Optimization – Key Trends Analysis

What adjustments are you making in your lead generation investments?

Changes in Lead Generation Investments
Next 12 Months



Key Findings

- ❖ As Web sites remain the first place buyers go, marketing is making that the top priority.
- ❖ Major growth in spending in other web-based marketing programs.
- ❖ Traditional lead generation stalwarts are receiving smaller investments.

Commentary

Our analysis of “buying” habits continues to show that leveraging the Internet is the most often mentioned first resource prospects turn to when they begin to think about starting a product evaluation. Responding to this fact, 64% of marketing organizations are upping their investments in their Web sites and the content they make available to visitors.

E-mail marketing continues to garner more support. Last year 48% of the firms surveyed stated they were increasing investments in this area. With budget increases in 2010, that number has now risen to 54%.

As we will see later in this analysis, data quality/management continues to be a challenge that is only becoming more complex as more marketing shifts to the Internet. Responding to the need to get more information about prospects, (e.g., e-mail addresses and utilization trends), marketing is increasing its spending in this area, as well.

We previously noted that “new media” was not producing any increases in lead results over last year. It is interesting to note that this is not keeping marketing teams from increasing their investments in this area. We will be tracking the success of these programs this year to see if lead generation teams can crack the

code on how to leverage these marketing techniques to increase lead quality and quantity.

Looking at the bottom of the list we see that the demand generation programs that were traditionally relied upon are getting less of the lead generation pie. The percentage of marketing teams increasing investments in telemarketing dropped from 39% in 2009 to 35% this year.

Our benchmarking efforts continue to record increasing frustration with outbound telemarketers' inability to connect with prospects over the phone.

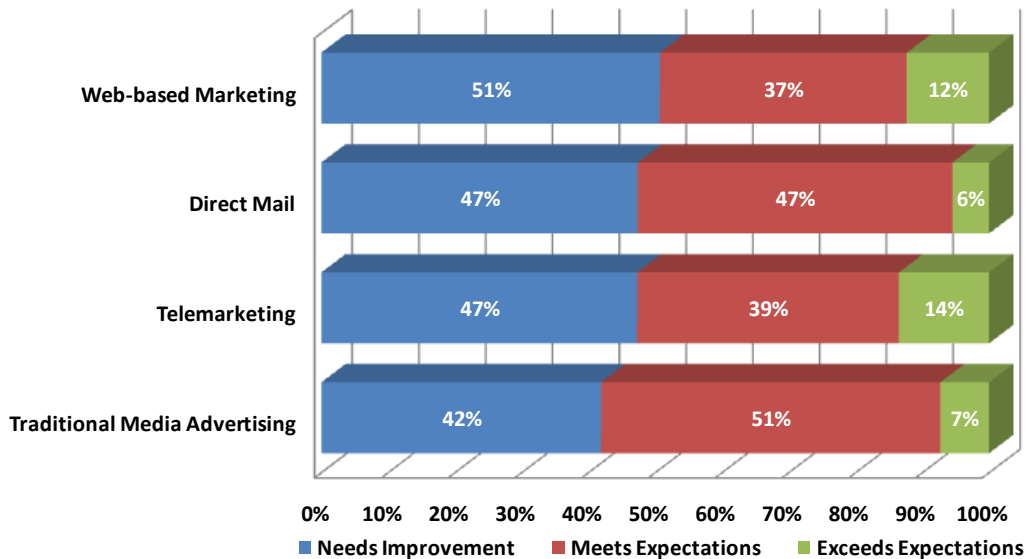
In addition, interest in direct mail continues to wane. Last year 27% of the firms reported increasing their investments in these campaigns. The 17% figure above shows a marked decrease in support for this aspect of marketing versus the alternatives available.

Notes:

2010 Lead Generation Optimization – Key Trends Analysis

How would you rate your ability to effectively execute lead campaigns?

Ability to Effectively Execute Lead Campaigns



Key Findings

- ❖ Lead generation effectiveness is challenging, but is getting better.
- ❖ Technology is providing a window into how to be more effective.
- ❖ Insights into effective web-based marketing are surfacing.

Commentary

So how effective is marketing at implementing the programs we just talked about? Survey participants were asked to rate their ability to execute various types of campaigns. Note: if firms were not leveraging one or more of the above campaigns, they were instructed not to comment on this question.

Above we see that many of the firms still see challenges that are impacting their effectiveness. But we want to note that each of these four areas has seen a noticeable improvement from 2009. A year ago the Needs Improvement numbers were as follows:

- Web-based marketing: 68%
- Direct mail: 61%
- Telemarketing: 56%
- Traditional media: 55%

A major contributor to improvement appears to be the adoption of Lead Generation Management (LGM) systems. More details are provided later in the metric: Implemented a Lead Generation Management System.

The following table shows the figures when we segmented survey responses based on whether or not a company had implemented

a lead generation management system. As you can see, there is a marked difference in effectiveness.

Needs Improvement Ratings Based on Use of LGM	Utilizing LGM	Not Utilizing LGM
Web-based Marketing	37%	65%
Direct Mail	41%	53%
Telemarketing	42%	52%
Traditional Media	37%	48%

Of particular note is the spread in Needs Improvement ratings around web-based marketing. Those companies which have invested in LGM solutions are performing at a higher level of effectiveness than their peers who are lacking this technology.

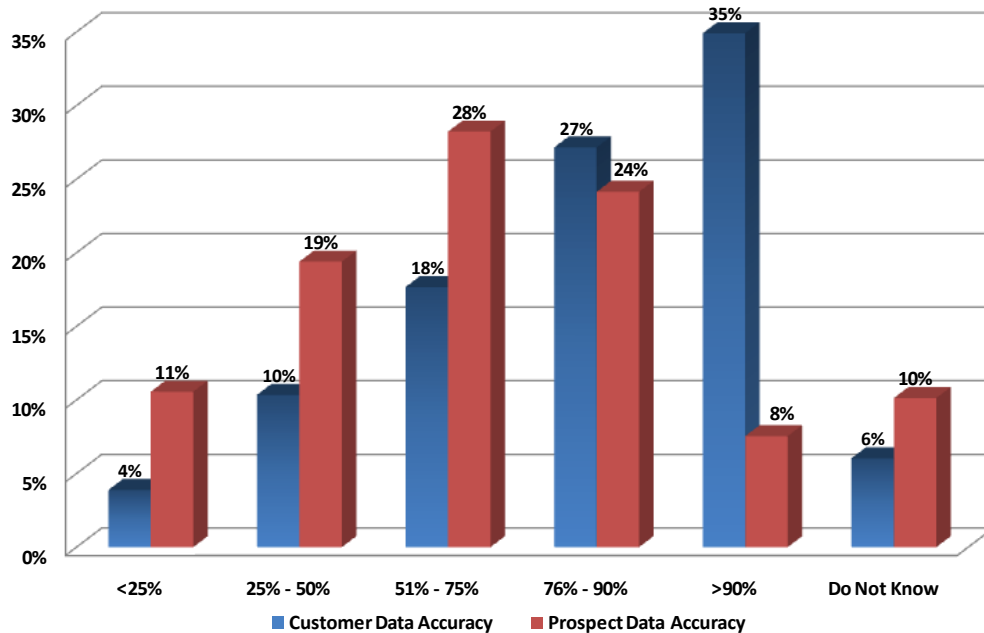
As more lead generation efforts shift to the Internet, tools to help develop, execute, and track campaign effectiveness will become a “must have” rather than a “nice to have.”

Notes:

2010 Lead Generation Optimization – Key Trends Analysis

What percentage of your customer/prospect marketing data is current and correct?

Percentage of Customer/Prospect Data
Current and Correct



Key Findings

- ❖ Customer and prospect data quality continue to deteriorate.
- ❖ Data quality has a direct impact on ability to interact with clients and prospects.
- ❖ Information requirements are increasing as alternative methods of interaction increase.

Commentary

In 1999, as part of our CRM Utilization study, we asked firms to identify the top challenges they were encountering in their initiatives. Top on the list back then was data quality. Fast forward eleven years and that problem has become worse.

While marketing teams may know *what* they want to accomplish this year, a major roadblock standing in the way is *how*. Above we see that just over one-third of all companies stated that the currency and correctness of their customer data were >90%, another 27% fell within the 76% - 90% range. This combined total of 62% is down from 66% a year ago.

Data accuracy numbers plummet when we look at prospect data. Above we see that only 8% of the firms reported the currency and correctness of their prospect data were >90%—an all-time low for this metric.

We segmented the firms in this year's study based on their data accuracy ratings, and then looked at how that was impacting their ability to drive highly effective interactions with customers and prospects. The results are seen in the following table.

Data Accuracy as Related to Ability to Drive Highly Effective Interactions	Percentage of Firms with Excellent Ratings
> 90% Accuracy	49%
75% - 90% Accuracy	21%
51% - 75% Accuracy	12%
≤50% Accuracy	0%

The findings clearly point to the positive or negative effect data quality has; it directly impacts marketing's ability to effectively execute lead generation campaigns to influence client interest. The good news is that nearly half of the firms surveyed are planning to increase their investments in data management as seen in the Changes in Lead Generation Investments discussed earlier in this report.

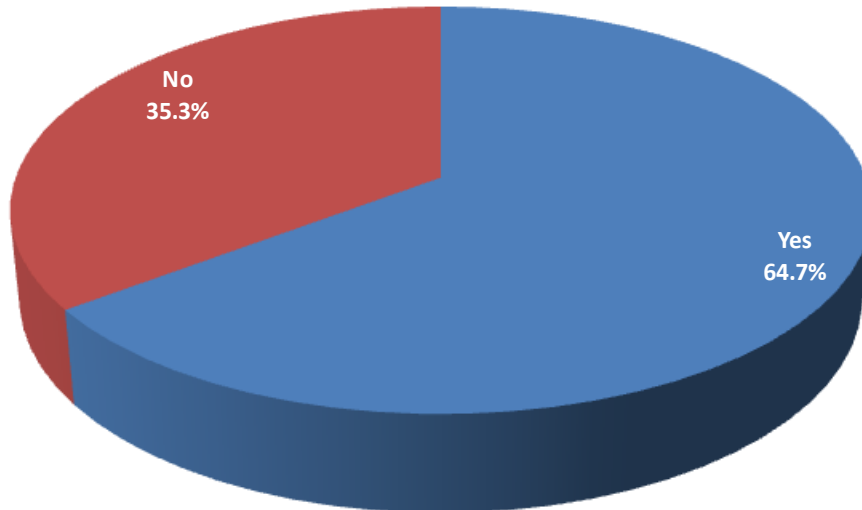
The above shows that dealing with this issue has a positive payback.

Getting your arms around this challenge sooner rather than later becomes evident when we look at the increased investments planned in New Media (e.g., blogs, podcasts, mobilemarketing). Utilizing these lead generation methods expands the customer or prospect data firms need beyond name, address, and phone number; to leveraging e-mail addresses, twitter accounts, Facebook accounts, Skype addresses, etc.

Notes:

Do you use any commercial business information service providers?

Utilize Commercial Information Services



Key Findings

- ❖ Budget cutbacks last year resulted in a drop in firms leveraging information services.
- ❖ Most firms are leveraging multiple services.
- ❖ Attitudes toward sales information providers vary widely.

Commentary

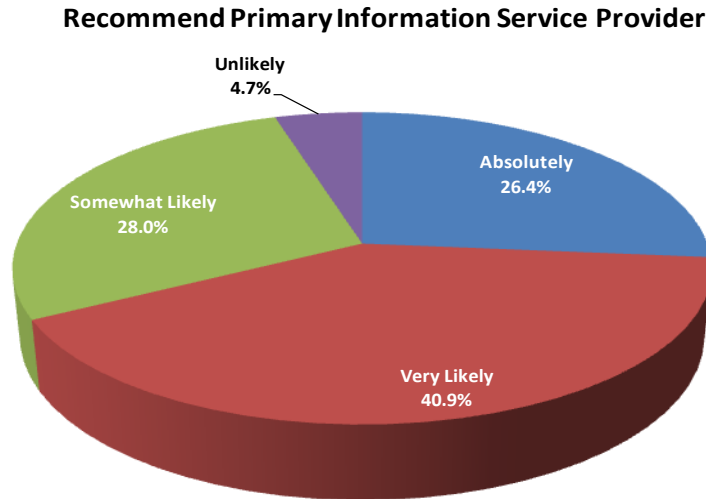
Above, we see that nearly 65% of the firms surveyed this year utilize some type of sales information service to help them deal with their customer and prospect data management challenges.

This percentage is down from 71% a year ago, and reflects our benchmarking efforts this is related to the budget cuts many firms instituted in 2009. Based on the challenges surfaced when looking at the data accuracy metric—Percentage of Customer/Prospect Data Current and Correct—we expect this number to rebound back above 70% by the end of 2010.

In drilling into the specific services firms were using, nearly 80% of sales organizations have more than one sales information provider. Most frequently cited (in alphabetical order) were:

- Dun & Bradstreet
- Google
- Hoovers
- InfoUSA
- InsideView
- Jigsaw
- LinkedIn
- OneSource
- ZoomInfo

We asked these sales organizations to give us feedback on the likelihood that they would recommend their primary sales information service provider to their peers. The following chart shows a summary of their responses.



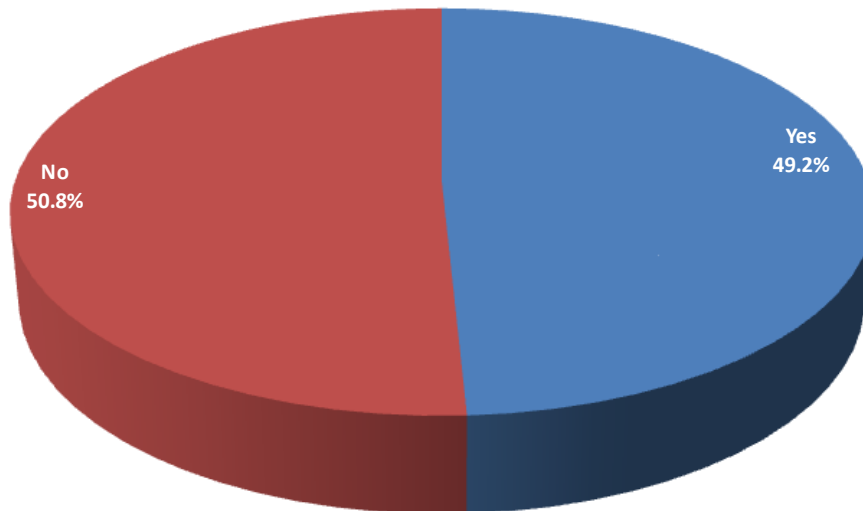
Here we see that two-thirds of survey participants have very positive attitudes toward their solution provider as indicated by the percentage of Absolutely or Very Likely responses. In the past we found that Somewhat Likely is not a ringing endorsement, so we also see one-third of these sales organizations have some reservations with their vendor.

To get a detailed overview of how sales information vendors rank and to learn about the emerging solution providers uncovered in the survey, research clients should contact their [CSO Insights](#) analyst.

Notes:

Has your organization implemented a Lead Generation Management system?

Implemented a Lead Generation Management System



Key Findings

- ❖ Significant increase this past year in firms leveraging LGM technologies.
- ❖ Similar increase expected in firms planning to add an LGM system this year.
- ❖ LGM customer satisfaction is increasing.

Commentary

An area where we saw significant growth, compared to the 2009 LGO survey data, was the adoption of Lead Generation Management (LGM) solutions. These are applications designed to help marketing teams with tasks such as segmenting clients by various demographic profiles, executing campaigns to those target audiences, tracking the disposition of leads, determining program ROI, etc. In addition, LGMs are being used by salespeople to help conduct their own lead generation programs.

A year ago, less than one-third of the firms surveyed were leveraging an LGM system. Today we see that number has jumped to nearly 50%. Of note is that 85% of those using LGMs stated they were using a commercial offering versus 15% who said they built their own.

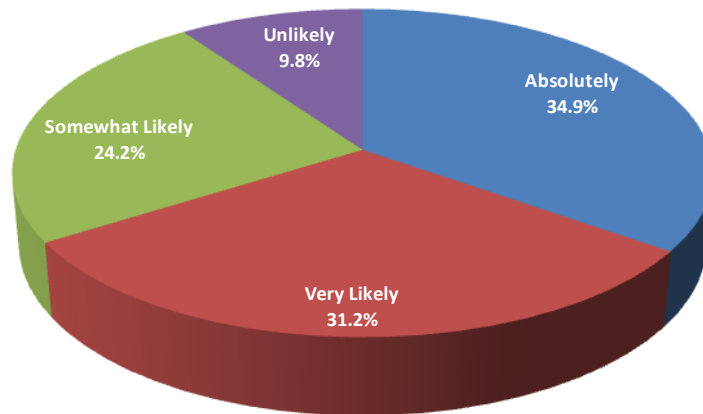
Survey participants identified twenty-eight different LGM offerings. The most commonly mentioned (in alphabetical order) were:

- Eloqua
- Genuis.com
- Hubspot
- Marketo
- Salesforce.com

We asked firms which had not yet implemented an LGM if they had plans to evaluate or implement a solution in the next twelve months. A total of 24% said, “Yes.” Based on this, we expect the growth rate for 2010 to repeat the advances we saw in the past year.

Looking back to the firms which had implemented a commercial LGM solution, we asked these sales organizations to provide feedback on the likelihood that they would recommend their LGM vendor to their peers. The following shows a summary of their responses.

Recommend Lead Generation Management Vendor

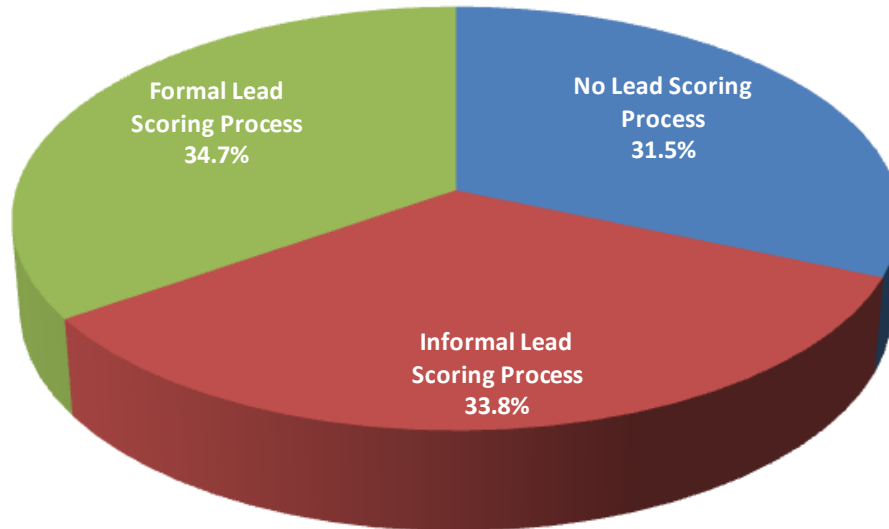


In the 2009 LGO study, 54% of the firms surveyed responded with “Absolutely” or “Very Likely” ratings. Over the past year, that number has increased to 66% as we have seen the solutions become more robust, easier to use and, in many cases, more cost effective.

Notes:

Which of the following best describes how your company handles lead scoring?

Method for Scoring Leads Generated by Marketing



Key Findings

- ❖ More firms are adopting lead scoring methodology.
- ❖ Of these firms, the percentage formalizing their process is also increasing.
- ❖ LGM solutions are helping with lead scoring.

Commentary

In the 2009 LGO Key Trends Analysis, we made a strong recommendation for companies to adopt a lead scoring process. Our main logic was that as budgets were being frozen or reduced, companies needed to get better at assessing the effectiveness of the programs they were running to determine which should be continued, modified, or dropped.

Looking at the numbers above, we see that the number of firms that are not doing any form of lead scoring has dropped four full points from 35.6% in 2009 to 31.5% this year.

For those firms that are now scoring leads, we are seeing a greater percentage of them applying more rigor in doing so. The 34.7% "Formal Lead Scoring Process" rating above is up noticeably from the 26.9% figure reported last year.

Even though lead generation budgets are increasing for many companies, we are again repeating our recommendation to bring more science to the task of lead scoring. Our rationale is simple: marketing has many lead generation alternatives they can invest in, as shown in the Changes in Lead Generation Investments metric. They need to know which ones they should invest in based

on the quality of the leads from each program. The metric shows the three leading responses from this study’s survey participants.

In looking at the lead scoring feedback from this year’s study participants, we surfaced another reason to consider investing in LGM systems. The table presents the breakdown of responses to the lead scoring question based on the use of a LGM solution.

Lead Scoring Ratings Based on Use of LGM	Utilizing LGM	Not Utilizing LGM
No Lead Scoring Process	12%	48%
Informal Lead Scoring Process	29%	38%
Formal Lead Scoring Process	59%	14%

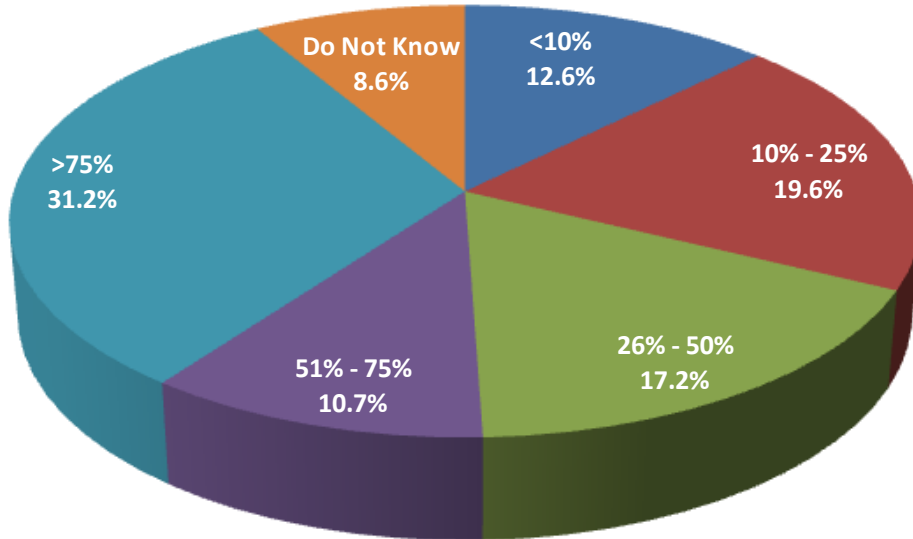
As our analysis continues to show a link between lead scoring and the ability for sales to convert a lead into an opportunity, the business value of formalizing this process is clear. LGMs can be the tool that helps marketing organizations move to this best practice.

Notes:

2010 Lead Generation Optimization – Key Trends Analysis

Of all the leads marketing generates, how many are turned over to sales?

Percentage of Total Leads Generated Turned Over to Sales



Key Findings

- ❖ Drop in the percentage of leads turned over to sales.
- ❖ Lead scoring is having an impact on the number of leads sent to sales.
- ❖ Sales is more active in following up on the leads they receive.

Commentary

We asked the 2010 survey participants to share what they do with the leads they generate. Above we see that there is a wide variety of attitudes regarding which leads should be sent on to a salesperson for further follow-up.

Comparing these figures to the 2009 survey, we noted a drop in the percentage of leads being forwarded to sales. Last year 47% of firms reported a figure of >50% of leads turned over. This year the number is less than 42%.

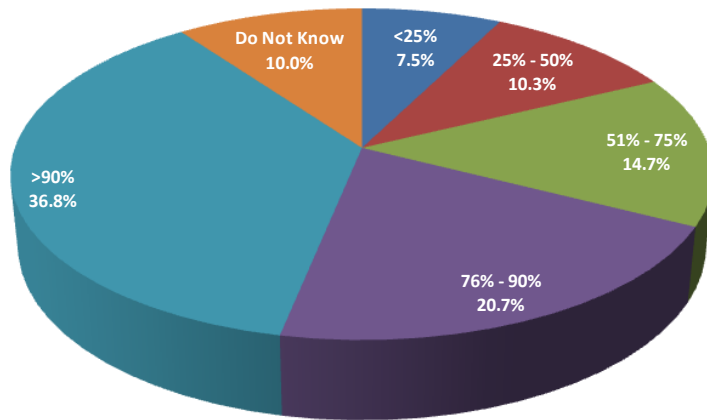
Looking deeper into factors that could be influencing lead turnover rates, we noted that lead scoring is playing a role here. The following table shows the percentage of firms turning over >75% of the leads marketing creates to sales as related to the way the company handles leading scoring.

Lead Turnover Rates as Related to Lead Scoring Method	Percentage of Firms Turning Over 75%+ of Leads to Sales
No Lead Scoring Process	39%
Informal Lead Scoring Process	36%
Formal Lead Scoring Process	21%

We see that as firms adopt a formal process for assessing the quality of leads they are less likely to pass on a high number of leads to sales.

We next did an assessment of what happens to the leads that are forwarded to a salesperson. The following graph shows the aggregated responses from all survey participants regarding the percentage of leads that are actively followed up by sales.

Percentage of Leads Turned Over to Sales Actively Followed Up



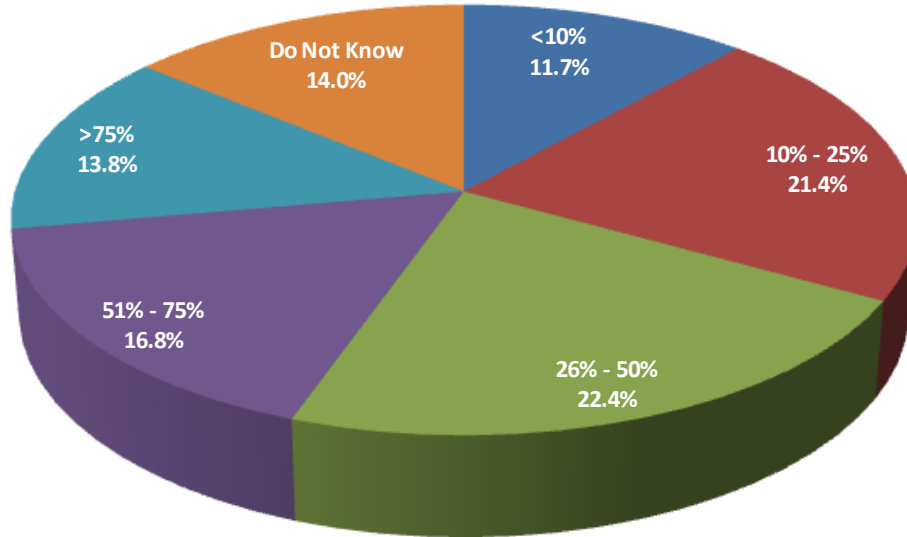
These numbers are up noticeably from 2009 (last year 48% of firms stated they had a follow-up rate of >75%). Again comparing firms by lead scoring process, we found that 47% of firms with no lead scoring process reported a follow-up rate of >75%, compared to 64% of firms with a formal process.

Notes:

2010 Lead Generation Optimization – Key Trends Analysis

Of the leads turned over to sales, what percentage turn into first calls?

Percentage of Leads that Result in a First Call



Key Findings

- ❖ No meaningful improvement in lead to call conversion.
- ❖ Upfront targeting increases the conversion rates of leads to calls.
- ❖ Mining the gold in CRM systems can provide insights into perfect prospects.

Commentary

From 2005 to 2009, the percentage of leads that salespeople are able to turn into a first call (either a face-to-face meeting or a phone call) deteriorated. The chart above shows very little change in the past year, so it may have bottomed out.

But simply stopping the rate of bleeding is not good enough. In 2005 nearly 40% of the firms surveyed reported lead to first call conversion rates of >50%. Above we see the numbers are slightly over 30%. How do we get performance headed back to the levels of effectiveness companies were enjoying not long ago?

One critical success factor the study data surfaced appears to be improved messaging.

Lead Conversion as Related to Ability to Effectively Message	Lead Conversion >75%	Lead Conversion 51% - 75%
Exceeds Expectations	21%	16%
Meets Expectations	18%	14%
Needs Improvement	10%	15%

We compared lead conversion rates of the survey respondents based on their ability to develop targeted/effective messaging for their lead generation campaigns. The table above shows how they compared.

We see that 37% of the "Exceeds Expectations" firms report a lead to call conversion rate of >50%—almost back to the 2005 performance level. Whereas, only 25% of the "Needs Improvement" group report converting more than 50% of leads into first calls.

One source of insight into the profile for the best types of prospects to target (and the key messages that motivate them) is the data contained in your CRM system. A medical products firm started running reports on the attributes of deals that closed (i.e., who the key influencer was for the sale, the buying criteria, the key competitors expected to see, etc.).

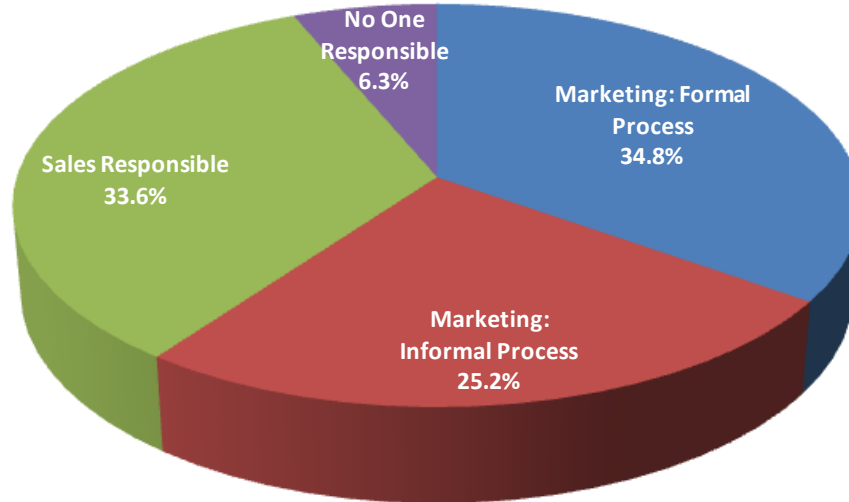
As they analyzed the data for a specific product line, they found that when nursing was the key influencer, and time to administer a test was the key decision criterion, they won deals 76% of the time—even though theirs was the most expensive product on the market.

When that information was shared with marketing, the lead generation teams started targeting nursing teams, and the lead conversion rates increased by 32%.

Notes:

Which of the following best describes how your company handles lead nurturing?

Process for Handling Lead Nurturing/Incubation



Key Findings

- ❖ Marketing stepping up to the plate regarding nurturing.
- ❖ Also adopting formal processes to manage this.
- ❖ Lead nurturing is producing a measureable ROI.

Commentary

For the past four years, we have been analyzing what happens to leads that don't immediately turn into opportunities for reasons such as no time, no current budget, changes in buying personnel, etc. This year we noted a major shift in results from the past.

Specifically, above we see that 60% of the marketing groups surveyed are taking an active role in nurturing leads; the purpose of nurturing being to see if over time more of the leads generated could turn into opportunities and, ultimately, into new sales. This is up from 48.5% last year.

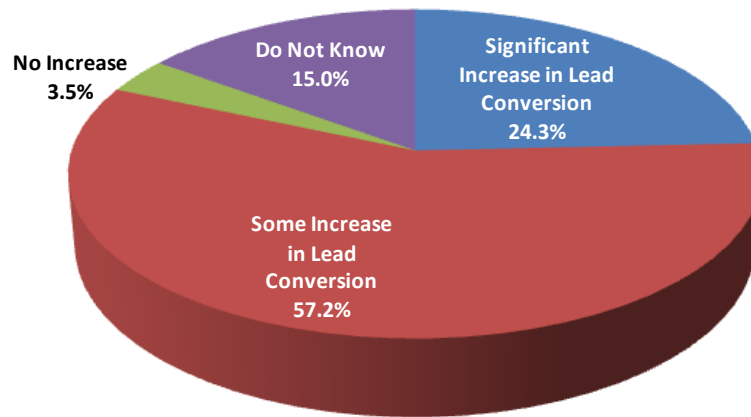
Looking more closely at the data we also see many firms adopting a more structured approach for lead nurturing. Nearly 35% of the participants in this year's study stated they had a "formal process" for lead nurturing versus 27% in 2009.

Lead Generation Management systems are playing a more important role in nurturing. When we looked at lead nurturing scores for firms that had implemented an LGM application, 54% reported they had a formal process for nurturing leads, as compared to a figure of only 16% for firms which did not have an LGM system in place.

LGM applications provide key functionality that allows you to track which qualified leads (based on lead scoring) did not move to the next step of becoming active opportunities. They can automate key process steps to send e-mail "touches" on a predetermined basis to stay top-of-mind with these prospects.

We asked the companies utilizing lead nurturing as an active part of their marketing strategy to share the impact this was having on the percentage of leads that ultimately turned into opportunities. A summary of their responses is shown in the chart below.

Impact of Lead Nurturing/Incubation



The survey data show that by nurturing leads until circumstances change (i.e., prospects do have time, budget, a greater need for your offering, etc.), firms will yield more leads from the same marketing spend. Based on this, we expect to see more companies using lead generation systems formally adopting this best practice in the next few years.

Notes:

Recommendations Going Forward

It is encouraging to see that many companies have opted to increase their marketing investments for 2010. But simply throwing more dollars at the lead generation problem will not guarantee that sales teams will have enough quality opportunities to pursue in order to hit the revenue targets they were given this year.

In looking deeper into the traits of companies that are achieving above average results from their lead generation efforts (more leads created, more leads converting to opportunities, and more opportunities resulting in sales), we found five critical success factors that contributed to their success. These are presented so you can benefit from understanding the best practices your peers are focusing on to optimize their lead generation performance.

- **Improved Sales and Marketing Alignment:** When “talking” about sales and marketing alignment shifts from simply “talking” about it to taking “action,” the impact on lead generation success can be significant. Several firms we benchmarked focused effort on sales and marketing working together to define what the profile was for a *perfect prospect* (defined as a client that has a high propensity to buy from their firm).

This begins with understanding the attributes associated with deals that close. For example, are there certain geographies in which you are more successful, are there certain problems you solve more effectively than others, are there certain stakeholders you relate to more easily and completely, are there certain competitors that you win more frequently against, etc.?

When you do this exercise (and regularly update the profile based on changes in the marketplace), lead generation teams have clearer insights into whom to target. They can more effectively leverage their budgets to target those prospects and existing customers who most value the products and services they have to offer versus targeting everyone.

To see examples of this, download the [Sales Management 2.0 e-Book](#) and read the case study with Joseph Demmler, Vice President, Global Marketing and Regional Director, Sales & Marketing at Aon Corporation and the case study with David Zuchowski, Vice President of National Sales at Hyundai Motor America.

- **Mined the Gold in Marketing and CRM Systems:** So where did the insights come from to build these profiles? Effective lead generation teams are analyzing the data accumulated in Lead Generation Management and CRM systems.

When you are able to track the disposition of the leads you have been generating—leads that convert to opportunities, opportunities that convert to presentations/proposals, presentations/proposals that convert to sales, etc.—you first gain metric-driven clarity into the types of lead generation programs that are the most effective and those which are not. Then using the facts you learned

about each deal can help surface the attributes that contributed to success or failure.

For example, a medical products firm shared with us the results from their win-loss analysis of past deals for a particular medical test that they manufactured and sold. They found that when the purchasing department had been identified as the key influencer in their CRM records, the win rate was less than 25%, but when nursing had that designation the win rate was in excess of 67%.

Further investigating this trend, they found that purchasing thought the test was too expensive compared to alternatives available, while nursing saw the ease of testing and the reliability of the results as well worth the cost. Armed with these insights, marketing began targeting nursing teams, and sales management ensured that reps got them to lead the evaluation rather than to focus effort on purchasing contacts.

- **Customized Messaging:** With insights into the fact that not all potential buyers are created equal, marketing can develop more targeted messages to those high probability segments of the market. This, too, can increase the effectiveness of your lead generation efforts.

An example of this was shared by a financial services firm. In analyzing its past successes, it found that prospects with specific characteristics responded more positively to certain problem/solution messaging than others. A case in point was a new annuity offering it had brought to market. Prospects who had children were very interested in the tax benefits this new annuity offered in allowing parents to leave more of their estate to their children, while childless adults were more interested in the inflation adjusted annuity payout features that help minimize the risk they would run out of money in the future.

Utilizing a web-based marketing approach, classes of users received e-mails that focused on the attributes of the annuity offering they were most likely to care about, and then directed them to landing pages on the website that helped educate them on those aspects of the investment offering. Through this focus, lead conversion rates increased by nearly 20%.

- **Optimized Data Quality and Quantity:** A huge contributing factor to the success of customized messaging is giving lead generation teams access to the appropriate data to be able to segment prospects into the right classes and have the correct contact information to get that message out to the prospects (e-mail, direct mail, telemarketing, advertising, etc.).

As we have previously presented, data management remains a significant challenge for many lead generation teams—for many, but not for all. There is a wealth of sales intelligence offerings available that provide details about prospects that go far beyond name, address, and phone number. While there is a cost associated with these services, when one considers the alternative—the

cost of doing nothing—it quickly becomes clear that for the vast majority of firms this is an investment worth making.

An illustration of this is given by a medical products firm that was introducing a new treatment for respiratory illness. They realized they could significantly increase the effectiveness of their lead generation campaigns by utilizing a geo-analytics service. This sales intelligence offering allowed them to identify hospitals that were more likely to have patients with respiratory issues. An example of this was medical facilities within 25 miles of a coal mine. Having access to this level of detail about their prospect population helped them get the right messaging into the hands of the right prospects more effectively.

- **Implemented Technology for Marketing and Sales:** Execution of these lead generation campaigns has been further enhanced when companies invest in LGM solutions. As we have outlined, LGMs facilitate not only getting the message out to the right prospects, but also effectively scoring leads that are generated. Giving sales leads that have a high likelihood of turning into opportunities has a direct impact on the level of effort sales reps dedicate to following up on these leads.

For those leads that do not score high enough to warrant immediate follow-up by sales but do warrant additional attention, LGM systems are being leveraged to take over that task. In doing so, when sending out follow-up information, (e.g., case studies, new feature announcements, invitations to live or web-based events, and other types of drip campaigns), lead generation teams can ensure they stay top-of-mind with suspects until circumstances change to the point where they become legitimate prospects.

Our benchmarking efforts have identified numerous LGM offerings. To learn more about which solution might best meet your needs, [CSO Insights](#) research clients should contact their analyst for a briefing on these systems.

In closing, here is advice from our good friend, Gerhard Gschwandtner, the founder and publisher of *Selling Power*:

“He who has a thing to sell
and goes and whispers in a well
is not so apt to get the dollar
as he who climbs a tree and hollers.”

If you are going to compete effectively going forward you have to find the best methods, for getting the right messages into the hands and minds of the right prospects. And once you have their attention, you need to execute the right steps to get them to close. CSOs and CMOs need to educate the rest of the senior management team about the rewards and risks related to how well a company executes its lead generation strategies and tactics, and build a case for approving the budgets necessary to achieve the results required to drive revenues.

In addition, it then needs to ensure its teams treat lead generation more as a science and less as an art in order to track the disposition of leads generated. This will be used to demonstrate to senior management the return delivered on those past investments and to ultimately justify future ones. For insights into how companies are successfully leveraging any of the findings and commentary discussed in this report, feel free to give us a call.

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