

The Five Keys to Effective B2B Demand Generation

(And How to Use Them)

CAN'T FIND YOUR KEYS? HERE'S WHERE TO LOOK.

You don't need to work with large, blue chip B2B marketers for a quarter of a century to know that generating demand is critical to driving revenue—not to mention increasing the effectiveness of the sales organization and maximizing marketing ROI.

But working, as we have, with more than 50 companies on well over 1,000 campaigns, we've had the opportunity to see just how often key concepts in the strategic planning of demand generation campaigns are, well, forgotten.

Hence this guide.

It's been written to be of use to both seasoned veterans and newcomers to B2B demand generation. For the experienced pro, the latest strategies and techniques applied by industry leaders such as Avaya, Symantec, Nortel, SAP, IBM, HP and VeriSign add up to a comprehensive best practices approach to demand generation. You'll appreciate the real-world experience that underlies these recommendations. You'll also find the questions at the start of each section helpful as campaign checklists.

For the rookie, this guide can serve as a valuable training tool and reference for managing campaign development. Feel free to employ these keys as benchmarks in comparing your current methods with those of the industry leaders.

Regardless of experience level, as you go through this guide, you will no doubt find yourself wondering: *Can I have a successful program with only two or three of these elements working well?* Sure. In fact, that's pretty much what's happening with most companies these days. But the big payoff comes only when all five key strategies are deployed in the correct order, complete with integration, tracking and constant adjustment.

CAN'T FIND YOUR KEYS? HERE'S WHERE TO LOOK.

The goal is to unlock your full demand generation potential by progressively multiplying your efficiencies. This guide is designed to show you how the Big Boys get it done.

By the way, since marketing is a constantly evolving process—or at least it is at The Kern Organization—we would be delighted to hear your feedback, positive and negative, on this guide and to discuss any additional best practices that you feel should be included in future versions.

Can't Find Your Keys? Here's Where to Look.	1
1. Gaining Target Audience Insights to Drive Campaign Strategy.	5
2. Aligning Response Offers and Media Delivery Channels to Stages in the Buying Cycle.	7
3. Integrating Brand Messages and Direct Best Practices to Deliver Results.	11
4. Optimizing Sales Force Effectiveness Through Multi-Dimensional Lead Scoring.	13
5. Nurturing Leads Consistently to Maximize Marketing ROI.	17

1. GAINING TARGET AUDIENCE INSIGHTS TO DRIVE CAMPAIGN STRATEGY

Firmographics

- ◆ How difficult is it to find your target audience?
- ◆ Who is going to buy your product?
- ◆ Where are they located?
- ◆ How many decision makers do you need to convince to get a purchase order?
- ◆ What are the titles of the buyers and users of your product?
- ◆ What is the profile of the companies that buy your product (Industry/number of employees, annual sales, etc.)?
- ◆ What is your total number of potential buyers?
- ◆ Are there enough target buyers to meet your lead and sales goals?

Media preference

- ◆ Are they online-savvy?
- ◆ How much time do they spend online?
- ◆ What do they read?
- ◆ Where do they go to get trade information?
- ◆ What trade events do they attend?

- ◆ Is working online part of their daily routine?
- ◆ What are their shopping habits and media/contact preferences?
- ◆ Which media channels, or specific sources within a channel, best deliver your message?

Problem/Issue/Competitive analysis

- ◆ What solution/product are they using currently?
- ◆ Why would they be motivated to make a change?
- ◆ Will they be skeptical of your claims of greatness and value?
- ◆ Why are they going to buy your product?
- ◆ What is their current situation/need/pain/issue?
- ◆ What is required to change behavior to drive the overall campaign solution?

Process

- ◆ Do you have the resources required to accommodate the sales needs of your target audience?
- ◆ Can you track response by campaign/media/channel/list/offer?
- ◆ How will you qualify inquiries?
- ◆ How quickly can you respond to each inquiry?

While not as much fun as creative development, putting in the time, effort and care to accurately answer the questions we've just asked will create the foundation of a successful demand generation campaign.

If, for example, your target is small, easily identifiable and

very online-centric, a series of e-mail messages and Web events may be all that is needed to fill your sales funnel.

Conversely, if you have a large audience, in companies ranging from 25 employees to 25,000, you will most likely need a multi-channel approach consisting of print, online

GAINING TARGET AUDIENCE INSIGHTS TO DRIVE CAMPAIGN STRATEGY

sponsorships, content push, e-mail, telemarketing, Web events, live events and even workhorse direct mail in order to ensure a steady flow of leads.

There's safety in numbers. But not necessarily success.

A purely quantitative assessment of your target market is informative, yes. Unfortunately, it's also incomplete. That's because it omits the insights that tend to drive everything from media and offer selection to message development.

A quantitative assessment won't answer this question:

How many decision makers within an organization of a given size does it take to screw in a light, er, generate a purchase order?

As you know, you've got to build a fan base within that organization to champion your solution, from research to implementation. But how many fans

does a fan base make? To get that elusive PO, do you need the entire line of business managers, executive VPs and end users all cheering for your solution? Or is there a lone individual someplace who checks out the options, scratches his head and makes the call?

One question. Two possible answers. Two radically different types of media solutions.

Speaking of questions, as part of your target audience identification process, you'll want to get into the mindset of each of your potential customers by asking a few of these:

- ◆ How happy are they with their current methods or solutions? You know, the ones your products/services will replace or change.
- ◆ How difficult will it be for them to make a change? Can you persuade them that the risk and pain of change will be worth the reward?
- ◆ How many times will you need to speak to your Prospects in order to persuade them to action?
- ◆ What do they need to know before they finally decide to give your solution a try and a sale can happen? Do they need to learn about your category before they can come to understand the general benefits of your solution, so that they'll be ready to see it in action and deal with their skepticism?
- ◆ Or does your solution sell itself, at a price point that—to employ a bit of corporate-speak—requires minimal upstream authorization to purchase?

The answers to these targeting questions will tell you precisely what sort of campaign approach is called for. A multi-touch, multi-channel campaign that builds awareness, creates interest and drives inquiries? Or a strong, forceful, "act now," "just inquire today" campaign that drives immediate response behavior.

It's easy to see how an upfront investment in research to gather these essential target audience insights acts as a multiplier that makes your marketing expenditures so much more effective.

*One question.
Two possible answers.
Two radically different
types of media solutions.*

2. ALIGNING RESPONSE OFFERS AND MEDIA DELIVERY CHANNELS TO STAGES IN THE BUYING CYCLE

- ◆ What response offers do you have that are of compelling interest to the target audience?
- ◆ How many offers do you have available for deployment?
- ◆ How do these offers align to the first three stages of the buying cycle (interest, consideration, evaluation)?
- ◆ How credible, exclusive, valuable are your offers?
- ◆ Are they so unique and insightful that a reader will stop everything they are doing to get them right now?
- ◆ Will the individual set aside 45 minutes in their day to hear what you have to say because it's more important than anything else?
- ◆ How do your offers align with the various buyer titles you need to persuade in order to sell your product?
- ◆ Do you have technical offers that provide the "mechanics" of your product as well as "executive insights" for the higher-ups?
- ◆ Do you have enough offers for a sustained campaign, given the number of contacts and length of time it takes each buyer to make a purchase decision?
- ◆ How can you tailor your offers to each given target?
- ◆ Can you base your offers on particular needs, pains, problems or interests that are especially relevant?
- ◆ What is the alignment between media channels, offer strategy and buying cycle stage?

To really drive leads, you need to know the fears of your Suspects and to refrain from rushing the sale. Demand generation marketing requires its practitioners, in effect, to be amateur psychologists.

When you say it is just as important as what you say.

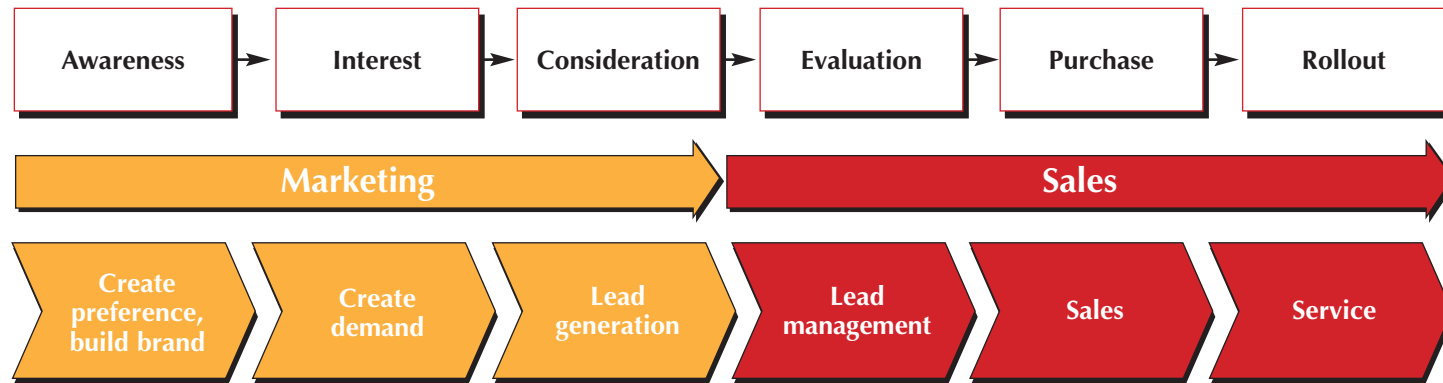
All too often, direct marketers rush the courtship. Like this:
Meeting a Suspect at a trade show, the typical direct

marketer picks up her business card and turns it over to Field Sales as a lead. No sooner has the Suspect returned from the show when her phone rings. Field Sales is on the line, panting to learn her need and whether or not budget has been allocated. Is she the decision maker? Is she ready to see a demo?

Meanwhile, the Suspect is thinking: *"Whoa! We just met last week, and you're ready to get married? I haven't even sent my clothes to the dry cleaners and you're fitting me for a wedding dress!"*

ALIGNING RESPONSE OFFERS AND MEDIA DELIVERY CHANNELS TO STAGES IN THE BUYING CYCLE

Six Stages of the Buying Cycle



To avoid the embarrassing scenario we've just described, you need to understand the six stages of the buying cycle, and embrace the idea that this is not a perfect linear progression.

Buyers need time—and encouragement—to move through each stage. Understanding an individual's place in the buying cycle, and helping her move from that stage to the next, will significantly improve the performance of your marketing.

That encouragement comes in the form of your "response offers." These offers are what make a reader stop what she is doing and inquire immediately. These offers are the reasons your contacts will reveal or confirm contact information, and be willing to opt in to your marketing process.

So you'd better get 'em right.

The graphic on this page illustrates the six stages of the buying cycle that are considered typical for companies buying business products or services.

Offers aligned to the buying cycle not only attract more Prospects, they nudge them along to the next stage.

Observing thousands of B2B campaigns has taught us that the best results are achieved when offers are aligned to each stage of the buying cycle.

So it's advisable to have a library of offers suitable for buyers in each category of your sales chain.

In building such a library, a good first step is to map your current set of offers to your buying cycle, searching for gaps.

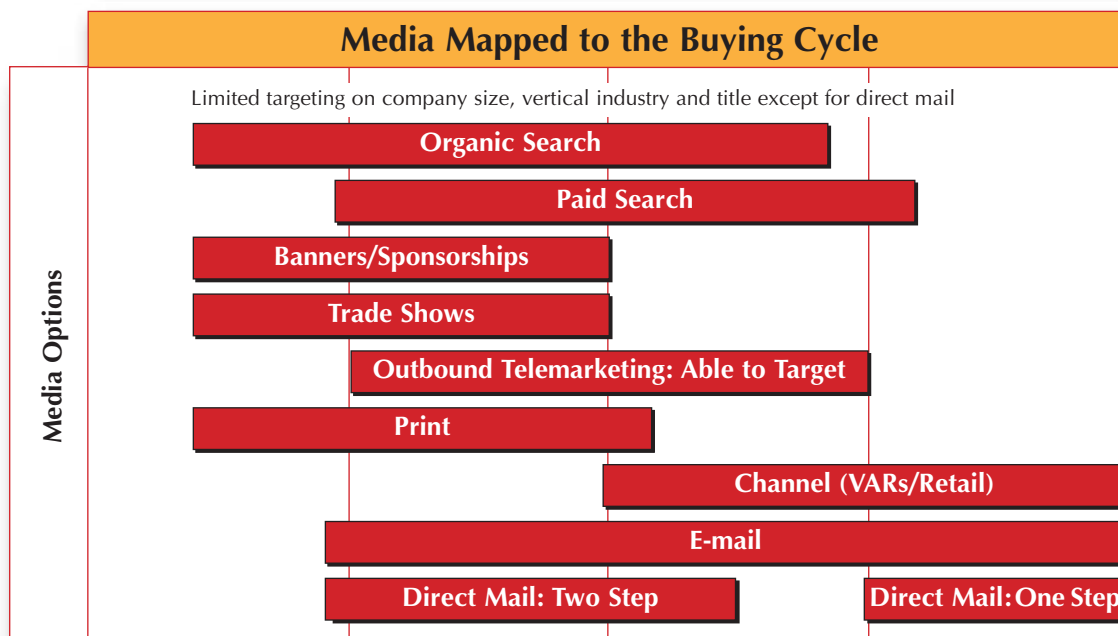
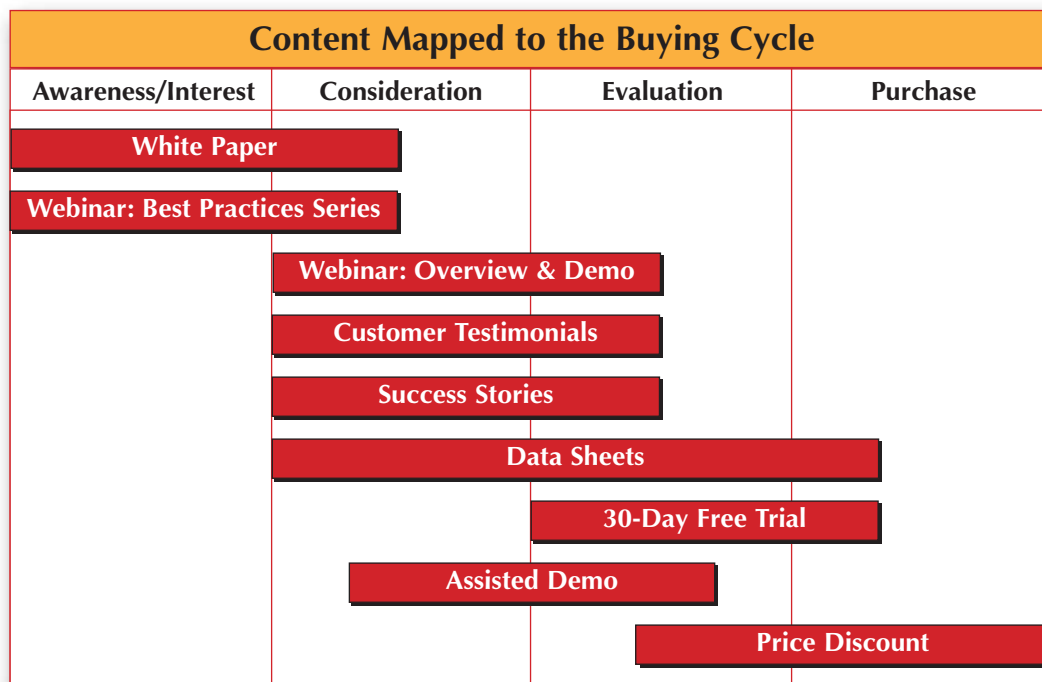
When evaluating—or creating—your offers, it is important to evaluate the source of the content. It's even more important to weigh the peculiarities of the reader you are targeting. For example:

- ◆ **Users** like to be told they can reduce the time and effort spent completing tasks.
- ◆ **Technical buyers**, such as scientists and engineers, want more specs and less hype.
- ◆ **Mid-level executives** have concerns about workload, costs and any factors that affect the performance of their departments.
- ◆ **C-level executives** want trend comparisons, future insights from visionaries, financial KPI data on their industries and opportunities to network or learn from peers.

We can't say it enough, so we'll say it again. When preparing your demand generation campaign, you must assess and evaluate your offers from the buyer's perspective. Whether it's a Web event, a report or access to an online resource center, never proceed without asking yourself this question:

Is this offer so unique, exclusive, valuable, relevant, exciting, insightful, meaningful, helpful and credible, that our targets will stop in their tracks and respond RIGHT NOW?

If you can't confidently answer "Yes!" in regard to each and every one of your offers, then you would be well



ALIGNING RESPONSE OFFERS AND MEDIA DELIVERY CHANNELS TO STAGES IN THE BUYING CYCLE

DM Tactics Mapped to the Buying Cycle					
		Awareness/Interest	Consideration	Evaluation	Purchase
Direct Marketing (Direct Mail, E-mail, Telemarketing)	Direct Mail: Able to target lists based on company size, vertical markets and title. Able to target buying cycle stage based on offer.				
	E-mail: Only reaches 30% to 60% of Prospect universe. Geographic and firmagraphic targeting problematic.				
	Telemarketing: Only reaches 25% to 30% of Prospect universe.				
	White paper/info offer				
	Webinars				
	Live events				
Gift with appointment					
Product discount					
E-mail based qualified lead e-Cultivation program: Monthly to all opt-in inquiries with desired profile.					

advised to invest whatever time and money it takes to improve them before spending a dime promoting them.

Your offers aren't the only things that should align with the stages of the buying cycle; the media you select should, too. Not to mention channel and response preference.

As a general rule, the more your strategies and tactics align with your Prospects' natural buying cycles, the better the campaigns perform. And remember, when mapping your media/channels, make sure to have an even spread.

Even when you are mapping the offers to be used within a single channel, you must take care to ensure there are no gaps.

Understanding and leveraging buying cycles is essential to maximizing *both* results *and* efficiencies. Every tactic you employ should be chosen with that fact in mind.

3. INTEGRATING BRAND MESSAGES AND DIRECT BEST PRACTICES TO DELIVER RESULTS

- ◆ What is the brand platform?
- ◆ What is the brand message?
- ◆ What are the brand guidelines?
- ◆ How does the brand experience stay consistent through each point of contact—from advertising exposure to customer service interaction?
- ◆ Do the brand and brand standards allow for hard-hitting direct?
- ◆ To what extent are you required to talk about the company and the brand, as opposed to the needs of the target market?
- ◆ Does the brand allow you to make your offer the “star” of your messaging?
- ◆ How much influence do product managers have over campaign messaging?
- ◆ Do product managers believe that if you tell your Suspects all the great benefits of their product, the target will come racing to you?
- ◆ Who in Marcom is focused on delivering measurable, cost-effective results, and who is simply in love with the brand?
- ◆ Does anybody in Marcom have actual direct marketing experience?

Oil and water?

Brand-integrated direct marketing is a hotly debated topic among B2B marketers, due to a natural conflict between the imperatives of brand building and response generation.

Brand development is about building awareness and effecting a preference—through the nurturing of a belief or attitude about your company—in the minds of current and potential customers. It requires numerous impressions and interactions to achieve this. Your brand, its development and maintenance are extremely important.

Of equal importance is this inconvenient fact: Direct marketers do not get credit for increasing brand awareness. Your job is to deliver messages and offers that move readers

to respond. Period! Either your campaigns deliver inquiries and leads or you're out. In direct, there are no points for brand bolstering. Direct has two seconds to persuade a reader to do something RIGHT NOW! You've got to slap people in the face to get their attention, and then sell your heart out on all the reasons why they must respond immediately. You've got to use every emotional trick in the book—every copy technique, every art direction method, every methodology in your arsenal—to accomplish your mission.

Direct marketers know that if anything gets in the way of driving action—if the reader has to think, consider, ponder or do any other such work—they won't do anything at all. You are in a constant battle to persuade just one more person in a hundred to raise his hand, respond, click or register.

Reconciling the irreconcilable.

So, how is it possible for long-term image and immediate results to collaborate rather than clash? How do you go about supporting the goals of the brand while simultaneously driving maximum response behavior?

Well, it ain't easy.

First, understand that in direct, individuals respond because they are in pain, are fearful, frustrated or desperate. They are looking for ways to compete better, work less, reduce their headaches or avoid a disaster that could cost them their jobs.

And remember that direct is an offer-driven medium. Your job is to use an e-mail, a banner, a direct mail package, a telephone call, to give the contact a reason to take an initial action. Because once you get that first action, you are well positioned to promote a second action, then a third that cements the sales relationship.

When structuring your campaigns, begin by merchandising the value of your offer. In all likelihood, this will involve tossing out the headlines your client has been using to build brand awareness, or at the very least, converting them into powerful call-to-action statements.

Here, for example is a brand-focused headline:

**ABC Corporation Helps Fortune 500 Companies
Slash Overhead 20% Per Year.**

Not bad. But for the purposes of motivating immediate action, we'd strongly suggest this reader benefit-focused headline:

**Find out how to cut your overhead
by 20% per year by attending this exclusive Webcast.**

Online or off, direct is the only channel that allows you to have a personal dialogue with your reader. Use it to do just that.

By all means, employ your company's colors, photo library, taglines and design templates. But be sure your headlines, copy, bullet points and calls to action *clearly articulate* whatever it is that readers are going to learn, gain, discover, see, hear, find out, reveal, take away or access when they respond.

Be specific, create curiosity and sell hard. Remember, you are looking for just one more Responder in a hundred. Find that person, and you're a hero. Or heroine, as the case may be.

Having arrived at a suitable response-inducing headline, if you must include brand messages in your direct communication, position them in such a way that they don't compete with your primary idea, reader benefit or call to action.

If, for example, you are executing a mail campaign, integrate your brand elements into your brochure, but focus your letter exclusively on the benefits of responding to the offer. If you're working online, sell the benefits of registering for an event, while incorporating a link to the brand message that says: "To learn more about ABC Company, [click here.](#)"

Remember, selling is your priority, and time is not on your side. So deliver your offer loud, clear and, above all, first. Then, support the brand. Focus your message on what's in it for the reader, and never let branding stand in the way of clarity, or force you to present either a weak offer or an offer weakly.

4. OPTIMIZING SALES FORCE EFFECTIVENESS THROUGH MULTI-DIMENSIONAL LEAD SCORING

- ◆ What channels do you use to capture inquiries?
- ◆ How do you define a sales lead?
- ◆ How have you determined when a lead is going to be passed to sales?
- ◆ What methods are you using to standardize and enhance your lead data?
- ◆ What methods are you using to score leads?
- ◆ What role is telemarketing playing in lead evaluation?
- ◆ When was the last time sales reviewed and agreed to the details of your lead-scoring and distribution methods?
- ◆ How is your lead-capturing system supporting your indirect channels?

What we have here is a **failure to communicate.**

Generating demand is about sparking interest and attracting Prospects in order to kick-start the sales process. Both Sales and Marketing can agree on that. But sometimes it seems as though that's the only thing the two departments can agree on.

It is an unfortunate fact of life in too many companies today that Sales and Marketing simply don't "get" each other. Marketing frequently loses sight of its role in optimizing the effectiveness of the sales organization. Sales, on the other hand, expects Marketing to properly allocate its resources to help Sales close more sales, more quickly, but doesn't think it should have to show them how.

As a result, conflict grows while marketing ROI shrinks.

Fortunately, this chasm can be closed. Step One in doing so involves the standardization of lead terminology, lead scoring and lead distribution/follow-up rules.

Speaking the **same language.**

Marketers tend to use the term "lead" loosely. In common parlance, it can encompass anyone who has inquired or dropped their business card at a trade show, as well as someone who is ready to view a product demo or entertain a personal call. It might also mean an actual sale is pending.

This is much too broad.

So, in your first big step toward Sales/Marketing détente, you need to adopt—and enforce the use of—more specific terminology, such as the following:

- ◆ **Suspects:** The largest population of your identifiable target audience who has not yet interacted with your company as a result of any marketing activities.

It is an unfortunate fact of life in too many companies today that Sales and Marketing simply don't "get" each other.

OPTIMIZING SALES FORCE EFFECTIVENESS THROUGH MULTI-DIMENSIONAL LEAD SCORING

- ◆ **Inquirers/Responders:** Individuals who have responded to a solicitation, requested more information, agreed to attend an event or turned in a business card at a trade show. There may or may not be sufficient data on these inquiries to determine whether they are potential Prospects.
- ◆ **Prospects:** These are individuals who have shared information about themselves and their companies that *might* fall within the guidelines of your qualification criteria. Since their information is generally self-reported, it is *not* verified. But enough is known (where they work, the problems they are facing, decision time frame) to justify speaking with these individuals to confirm their interest and to begin moving them to the next stage in the buying cycle.
- ◆ **Qualified Prospects:** These individuals (formerly classified as Inquirers/Responders) have now spoken with your representative, who has verified the information that had been shared with you previously. This conversation has confirmed that the Prospect meets your organization's sales qualification criteria. If your representative has done his job well, he's gained a deeper insight into the specific issues confronting the company and buyer—issues your sales organization will presumably address in the next stage of the cycle.
- ◆ **Opportunity:** This is a Qualified Prospect who has been accepted by the field/channel sales force as an individual worthy of the time investment required to advance the relationship. Whereupon this Opportunity might advance

to the status of Pipeline Opportunity (described below). Or perhaps it will revert to Qualified Prospect status, to be contacted and nurtured by marketing until it is ready to become a genuine Pipeline Opportunity.

- ◆ **Pipeline Opportunity:** This is an Opportunity that somebody in Sales actually has put into their forecast, meaning there is a realistic chance to close within 3 to 6 months.

So far, so good. So keep going. Take the next step toward détente and improve the lead transfer process by changing the scoring criteria.

Keeping score, so Marketing ~~looks good~~ shows value.

Companies traditionally use a simple BANT (Budget, Authority, Need and Time frame) criteria to score leads. While this is fine from a Sales perspective (qualified lead to a sale), problems arise over in Marketing when such lead qualifications are applied to activities early in the buying cycle.

Asking a Suspect if she has a budget, if she has the authority to approve the purchase and when she's planning to buy is—as we said back on page seven—like meeting a first date, having a drink, and promptly proposing matrimony.

Too nosy. Too pushy. And way too early in the sales relationship.

By far the preferable approach in lead scoring involves a matrix that centers on an entirely different bowl of alphabet

soup, namely APNRP* (Attributes, Position, Need, Readiness and Preference). This lead-scoring concept assumes:

1. The sales force can actually do their job, develop relationships, assess needs and close deals.
2. Sales might be willing to accept a lead from a large company if a correspondingly large Opportunity might exist down the road, even though it wouldn't want to accept a lead from a much smaller company in which the Opportunity takes a long time to reach fruition.

*First coined by Bill Herr, Managing Director, Sales Lead Programs, CMP Media.

Determining attributes.

Using APNRP, Marketing and Sales should work together to review all questions that need to be answered as part of the qualifying process. They then agree to a scoring system based upon the unique answers to a given question.

For example, a typical qualification question in the Attribute Section of a lead-scoring metric might be: *What is the size of your organization?*

The scoring might use a range, as follows:

- ① somewhat valuable to Sales
- ③ valuable to Sales
- ⑤ very valuable to Sales

Obviously, size is not the only criterion of interest to a sales person about an organization. Another question typical in

An APNRP Opportunity Scoring System			
	Inquiry 1	Inquiry 2	Inquiry 3
Attributes			
> 501 emp.	⑤		
101 to 500 emp.		③	
< 100 emp.			①
Primary industry			⑤
Secondary industry		③	
Tertiary industry	①		
Position			
C-level	⑤		
SVP		③	
VP			②
Manager			
Need			
High		⑤	
Medium	③		③
Low			
Readiness			
Budget set			⑤
Planning stage		④	
Research	①		
Preference			
Call me	⑤		
E-mail			③
Mail		①	
Total	20	19	19

the Attribute section might be: *What is your industry?* Here, the scoring system would vary based upon the success and fit of your product to particular industries. If, say, you've

OPTIMIZING SALES FORCE EFFECTIVENESS THROUGH MULTI-DIMENSIONAL LEAD SCORING

been selling successfully to insurance firms for the past 10 years, then a Responder from an insurance company might deserve a score of 5, whereas a Responder from a transportation company—an industry in which you’ve never had success—might only be worthy of a 1.

Each of these is a good Opportunity. But from the perspective of Sales, they have practically nothing in common.

Employing APNRP reduces the number of questions you ask at the time of initial inquiry, while allowing your telesales and follow-up marketing communication to ask more pertinent questions as the qualification process evolves.

It is not uncommon to see APNRP score systems that use anywhere from 10 to 17 questions, covering a range of insights that the sales force has determined they want or need to know to properly evaluate a lead.

This being a numeric scoring methodology, it’s not the least bit unusual to have two leads with identical scores but utterly dissimilar profiles.

For example, a Responder earning a total lead score of 19 might reside at a juicy Fortune 500 company. But he’s just gathering information at the moment, and nobody has a clue when he might actually get around to purchasing.

Meanwhile, another individual with the same 19 total lead score might hail from an insurance company with a couple of hundred employees. But she happens to be the decision

maker, with an immediate need and a budget to match!

Each of these is a good Opportunity. But from the perspective of Sales, they have practically nothing in common.

This is a good place for us to note the most important prerequisite for effective lead scoring: A well-trained telemarketing follow-up/qualification team. By including such a team in your process you avoid sending inappropriate Opportunities to Field Sales (thereby making it impossible for them to accuse Marketing of sending junk leads).

Are you interested in achieving the lowest cost per contact? Do you want your next strategic step to always be the best one? Are your Sales and Marketing departments behaving like the Hatfields and the McCoys? Then it’s time you adopted a lead qualification and scoring system that recognizes the true value of an inquiry at every stage of the buying cycle.

Sales and Marketing will thank you. It may take ‘em awhile, but they will.

5. NURTURING LEADS CONSISTENTLY TO MAXIMIZE MARKETING ROI

- ◆ How often are you speaking to Inquirers and Suspects?
 - ◆ With what content?
 - ◆ Is there logic to your repeat touch methodology?
 - ◆ How are you ensuring that your follow-up messages have value and relevance?
 - ◆ Do you really think your Suspects are remembering all of your touches?
- ◆ What is the single most important thought you want them to remember about your company, product or offer?
 - ◆ Are your messages and the sequence of their delivery aligned with the buying cycle and the contacts' roles within their organizations?
 - ◆ How and when do you determine that an Inquirer/Prospect is just not ready and should be put back into the general Suspect universe pool?

Out of sight, out of mind.

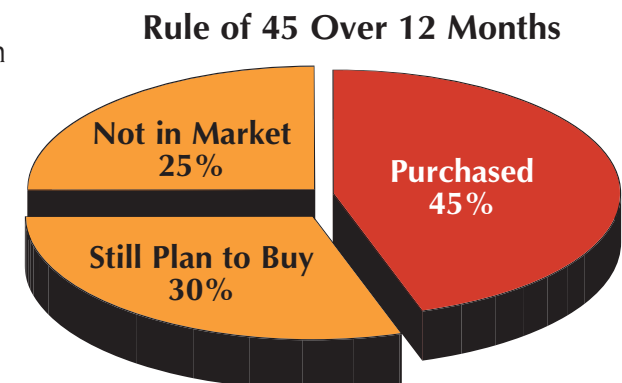
Your Suspects are bombarded daily, by your competitors and by dozens of other marketers—all trying to sell them something. To preserve their time and protect their psyches from this onslaught, they have built fortresses of voice and e-mail around themselves. But that doesn't mean they don't want you to want their business. To borrow an aphorism from the car industry: Nobody walks onto the lot because they aren't going to buy something.

An Inquirer responded, downloaded or accessed your offer because at that moment they had a problem, or a hope about the future, or believed you had some piece of information that could be valuable to them or their company. Now it's the marketing department's job, in coordination with the tele-qualification team, to nurture the inquiry in order to determine whether an actual sales Opportunity exists.

The Rule of 45.

Research has shown that most Inquirers do buy from someone. This propensity has been measured and quantified over time, resulting in the "Rule of 45." 45% of all real Inquirers (as opposed to competitors, prisoners, starving students and the like) will be buyers within 12 months. This breaks down as follows:

- ◆ 13% of Inquirers purchase within three months of initial inquiry.
- ◆ 13% purchase within 3 to 6 months from initial response.
- ◆ 19% of Inquirers purchase between 6 and 12 months from date of inquiry.
- ◆ 32% of all sales happen 3 to 12 months after date of initial inquiry.



NURTURING LEADS CONSISTENTLY TO MAXIMIZE MARKETING ROI

So you can see how important it is that Marketing (not Sales) remain in touch with all of the Inquirers who are not "sales ready" and be there when those Inquirers are ready to take that next step.

Keep it simple, but not stupid.

Witnessing the success and failure of countless lead-nurturing programs has revealed the common denominator of success: Consistency of implementation, combined with simplicity.

It is Marketing's role to deliver a series of low cost-per-contact messages and offers that place the marketer in front of the Inquirer at least once a month (preferably twice) for a period of six months.

The frequency of contact with an Inquirer is tied to the value of your content. If yours has sufficient importance and meaning to stimulate an Inquirer's interest, then your frequency of contact can be more frequent. For example,

if prices for your product change daily in response to fluctuations in commodity prices, then a daily price update might be quite meaningful to an Inquirer.

Some of the most effective lead-nurturing programs consist of a series of five to seven Web seminars that run consistently in rotation week after week. Traffic to these seminars is generated by automatic e-mail invitations. The success of this approach is due to the consistency of invitation delivery, the range of content provided

in the Web seminar series and the consistency of content exchange and interaction that the Web seminars provide.

The flow chart on the opposite page outlines a relatively simple e-Cultivation program.

Don't bite off more than you can nurture.

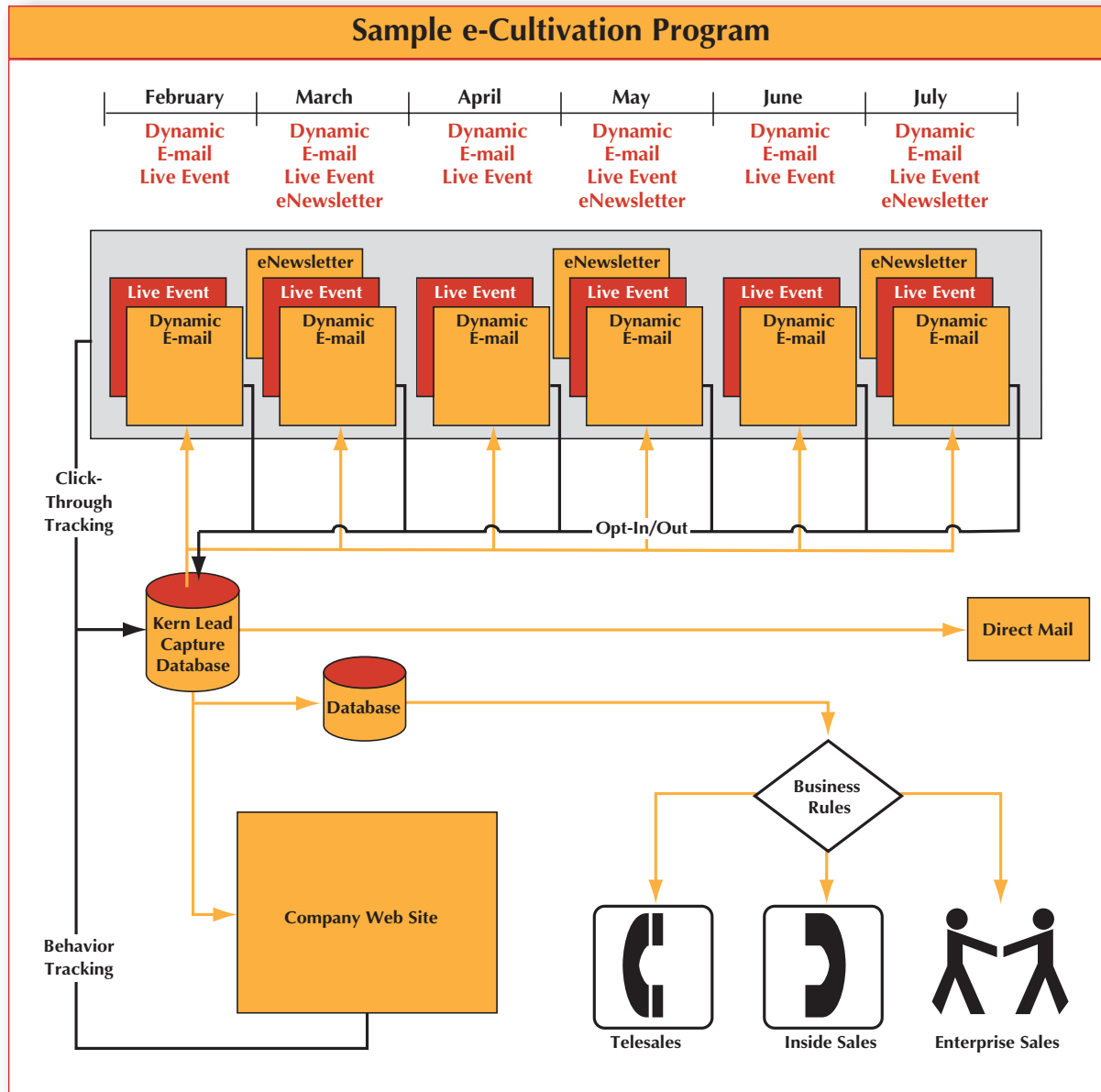
While there are many sophisticated ways to dynamically assemble e-mail or Web content, based upon prior interaction, they are not—repeat not—the way to begin. The right way is with a simple, low-cost and consistent lead follow-up program that can be put into place and mastered, before taking on the considerable management obligations and cost of more complex programs.

We'll say it again. Start with a simple plan, get it up and running and then consider adding complexity.

Your pool of "not sales ready" inquiries represents a considerable marketing investment. The marginal cost of a simple e-Cultivation program is really quite insignificant when you consider the fact that it can easily provide a return greater than 10 times your investment.

Research has shown that most Inquirers do buy from someone.

Sample e-Cultivation Program



Intimidated? Don't be.

As we lamented way back on page one, most companies today are not employing all five of the keys described in this guide. Even those that are tend not to apply all of the best practices that go with each of the five.

Whichever group your company is in, you'll be glad to hear that perfection is not a prerequisite to achieving substantial improvement in the performance of your programs. Frankly, you'll be amazed at how much you can achieve simply by mastering the first step: Understanding the big picture and how the keys can work to unlock your demand generation potential.

Begin by doing a little Q&A with yourself to identify the broken or missing elements in your current programs, and assessing the economic value of addressing them.

First, the status quo:

- ◆ Do you have enough inquiries (yes, you always want more), but not enough of those inquiries are converting to qualified leads?
 - Wrong offers or media selection (research/testing)
 - Lack of relevant messaging (research/testing)
- ◆ Are you closing too few of your qualified leads?
 - Poor scoring and filtering process
 - Lack of follow-through by Telesales or Field Sales
 - No nurturing program

- ◆ Are the response rates for your current lead-generation programs too low?
 - Researching/testing wrong offers or media selection
 - Researching/testing a lack of relevant messaging
 - Not using direct marketing best practices
 - Trying to do it on the cheap
 - Adding too much "brand" into the mix

Now, for figuring the economics of changing that status quo:

- ◆ If you could improve response rates by 30%, conversion to qualified leads by 10% and conversion to sales by 10%, that would produce \$(fill in) in sales with an average gross sale of \$(fill in) that equals \$(fill in) in gross profits.
- ◆ Work with Management and Sales to provide the metrics to build your financial case.
 - Percentage of sales or dollar amount marketing is expected to generate
 - Average sale
 - Percentage of inquiries that convert to a qualified lead
 - Percentage of qualified leads that convert to a sale
 - Recurring or additional revenue

Such economic assessments are readily accomplished with the aid of a simple spreadsheet (an example of which can be seen on the opposite page).

Once you have determined the value of a sale, a qualified

Cost Per Touch Numbers					
	Q1	Q2	Q3	Q4	Total
Sales goals	\$5,000,000	\$6,000,000	\$7,000,000	\$8,000,000	\$26,000,000
% supported by marketing	40%	40%	40%	40%	40%
Marketing-supported sales goals	2,000,000	2,400,000	2,800,000	3,200,000	10,400,000
Average sale	80,000	80,000	80,000	80,000	80,000
Required sales	25	30	35	40	130
% Q-lead to sale	15%	15%	15%	15%	15%
Required Q-leads	167	200	233	267	867
% inquiry to Q-lead	10%	10%	10%	10%	10%
Required gross inquiries	1,667	2,000	2,333	2,667	8,667
Avg. response rate	1.25%	1.25%	1.25%	1.25%	1.25%
Required contacts	133,333	160,000	186,667	213,333	693,333
Target companies	8,000	8,000	8,000	8,000	8,000
Avg. # of locations	3.5	3.5	3.5	3.5	3.5
Total locations	28,000	28,000	28,000	28,000	28,000
Avg. # of titles per location	4	4	4	4	4
Potential contacts	112,000	112,000	112,000	112,000	112,000
Touches per contact	1.19	1.43	1.67	1.90	6.19
Avg. cost/touch	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Marketing cost	\$133,333	\$160,000	\$186,667	\$213,333	\$693,333
Cost/inquiry	\$80	\$80	\$80	\$80	\$80
Cost/Q-lead	\$800	\$800	\$800	\$800	\$800
Cost/sale	\$5,333	\$5,333	\$5,333	\$5,333	\$5,333
ROI	15	15	15	15	15

NURTURING LEADS CONSISTENTLY TO MAXIMIZE MARKETING ROI

Cost Per Touch Numbers				
	Cost Per Touch	Touches	Budgets	Economic Value
High-Volume Lead Generation	\$1	400,000	\$400,000	\$42,500,000
Nurturing	\$2	96,000	\$192,000	\$4,032,000
Telemarketing Qualification	\$25	4,000	\$100,000	\$560,000
Appointment Setters	\$35	5,000	\$175,000	\$525,000
Market Research	\$200	600	\$120,000	\$400,000
Premise Sales Calls	\$1,800	160	\$288,000	\$2,400,000
Onsite Product Demo	\$5,000	32	\$160,000	\$1,600,000

lead and an inquiry, you can use these figures to help plan your budgets and support the economic value.

Now that you've assessed your situation and determined your course of action, take a deep breath and begin to implement your campaign changes. But make sure you incorporate a well-organized test program so you can measure your improvements.

- ◆ Start by measuring the improvements in your targeting and list selections.
- ◆ Seek to monitor the incremental lift of better offer deployments: Did the new offers you deployed that are matched to the stages in the buying cycle improve gross response and lead quality?
- ◆ Compare the performance of your creative messages that have been integrated with your brand: Is the offer promise coming through? Is the audience responding

accordingly? Or has the branding gotten in the way of the primary call to action?

- ◆ How is the sales force responding to your new lead-scoring system? Is the volume of complaints about lead quality declining? Are they more cooperative about providing disposition information on your sales leads, so you can continuously improve your lead-scoring methodology?
- ◆ What is the effect of consistent contact with your lead? Are you able to accelerate the sales pipeline? Are more leads moving deeper into the buying cycle as a result of your nurture investments?

The information you gain from your constant testing and measurement will provide both you and Management with the numbers needed to justify both current and future investments.

Choose the right agency.

Working with the experts, with people who have channel/discipline/industry experience, who know what does and does not work, is the best formula for ensuring the most cost-effective allocation of your DM dollars, while moving you up the learning curve a whole lot faster.

So, when choosing a DM partner, find an organization with experience in your category that actually *wants* to be judged on measurable results. That's known for fast turnaround. Not to mention advanced strategic planning, targeting, data analysis and integrated turnkey direct marketing programs that produce results well above the industry norm.

Ideally, you should seek an agency that has a minimum of two decades of direct marketing experience under its belt, working with clients in Technology, Telecommunications, Entertainment, Financial Services, Insurance and Health Care.

That agency will have soaked up the knowledge from some 25,000 test observations, managed \$100 million in campaign investments, developed 1,000 campaigns and generated millions of sales leads, customer inquiries and traffic—from individuals, households, SOHOs, small businesses, mid-size organizations and global enterprises.

If that agency happens to have delivered \$1 billion in revenue for B2B, B2SmallBusiness and B2C marketers, make sure you get their business card!

Agency Checklist: Capabilities

- Customer acquisition
- Sales lead generation
- Lead nurturing and cultivation
- Customer retention and activation
- Up-sell and cross-sell programs
- Event-attendance generation
- Loyalty programs

Agency Checklist: Turnkey Services

- Multi-channel integrated direct response marketing
- High-volume lead generation/customer acquisition
- Online lead capture, scoring and distribution
- Online lead nurturing and conversion
- Customer retention, cross-sell and win-back marketing
- Closed-loop campaign tracking and reporting

THE | kern | ORGANIZATION
Essential Direct™

Russell M. Kern

President/Founder
rkern@thekernorg.com

818-703-8775
www.thekernorg.com
20955 Warner Center Lane, Woodland Hills, CA 91367

es·sen·tial *adj* **1.** of the highest importance for achieving something.

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Es·sen·tial Dir·ect *n* **1.** a swiftly executed, battle-tested approach to solving marketing problems that minimizes expenditure and maximizes results for clients who thought they'd never live to see it happen.

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