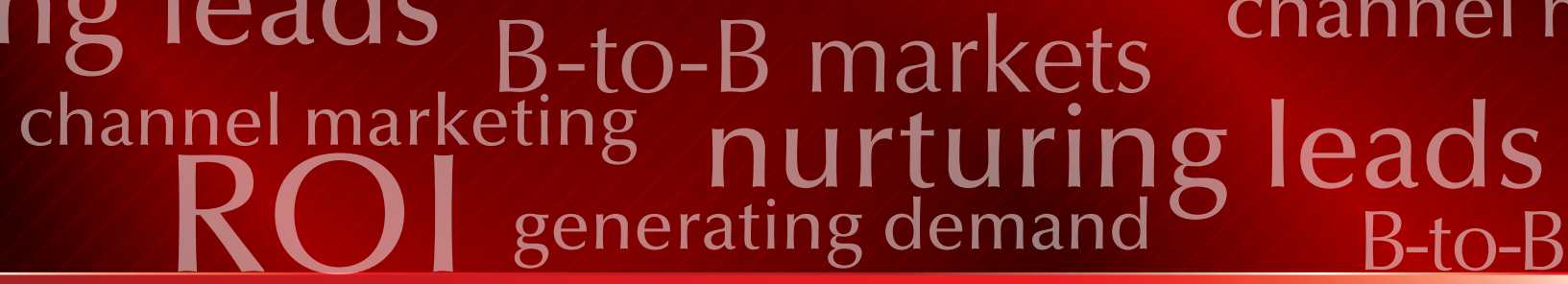


ing leads B-to-B markets channel r
channel marketing nurturing leads
ROI generating demand B-to-B

How to Triple Your Lead Generation Productivity with Lead Nurturing

THE | kern | ORGANIZATION

Essential Direct™

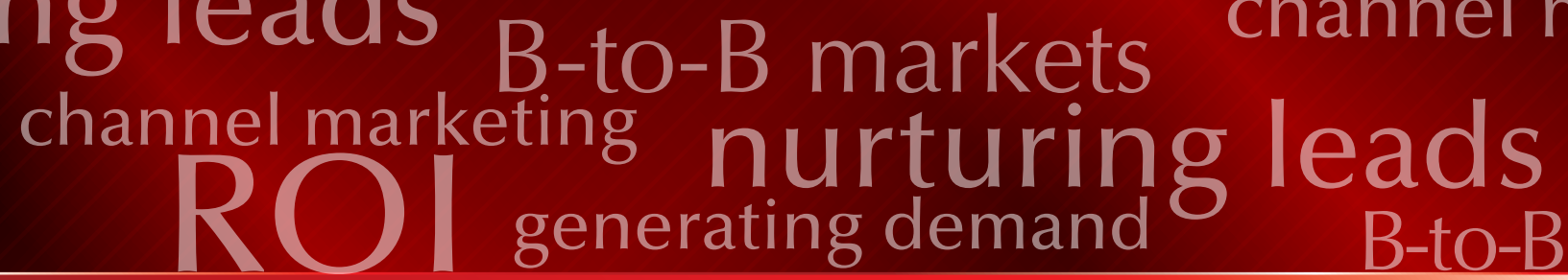


THE | kern | ORGANIZATION

Essential Direct™

Table of Contents

- Executive Summary** 1
- I. What Is Lead Nurturing, and Why Should You Care?** 2
 - THE NEED FOR LEAD NURTURING IS DRIVEN BY THE B-TO-B BUYING CYCLE
 - THE BUSINESS CASE FOR LEAD NURTURING
 - WHY LEAD NURTURING IS OFTEN UNDERLEVERAGED
- II. The Lead Nurturing Process** 5
 - STEP-BY-STEP PROCESS POINTS
- III. Best Practices in Lead Nurturing** 6
 - USE THE MOST POWERFUL MEDIA
 - MIX UP THE NURTURE COMMUNICATIONS STREAM
 - NURTURE ACCORDING TO THE BUY-CYCLE
 - THE MESSAGE FUNNEL: KEEPING THE COMMUNICATIONS RELEVANT
- IV. What's New in Lead Nurturing** 9
- V. Checklist for Your Nurturing Program** 11



THE | kern | ORGANIZATION

Essential Direct™

Executive summary

Studies show that only 13% of those who respond to lead generation campaigns are actually ready to buy. A lead nurturing program will help you stay in touch with these prospects so that when they want to make a purchase, you're the one they will contact.

Lead nurturing can take some time, but a solid process can triple the productivity of your program. Because the rewards are not immediate, many marketers fail to develop a six- to nine-month, multi-contact communications plan that reaches prospects in all phases of the buy-cycle. But companies that make this extra effort outperform their competitors.

Start by qualifying your leads and placing them into categories based on purchase time frame, opportunity size, etc. Profile the responders to gain insight into their needs, then set up a decision tree that outlines communications, media and timing.

Today, the most effective media for nurturing leads are email, direct mail, telesales and social media. To hold your prospects' interest, use several. Map the content of your communications against the stages of the buy-cycle and keep your messages relevant. Develop content libraries that can be used again and again as prospects enter and leave the pool.

Automated systems from suppliers such as Vtrends and Eloqua can speed up the process and make it more responsive to customer needs.

Today, the most effective media for nurturing leads are email, direct mail, telesales and social media.

I. What is lead nurturing, and why should you care?

Lead generation campaigns seek to motivate prospects to raise their hands and express interest in your product or service. But at that point, many interested responders are not actually ready to buy or even take up the time of a valuable sales resource.

In fact, studies show that only 13% of inquiries generated are ready to buy within the category of inquiry within 90 days. However, when inquiries are asked about their expected time frame for purchasing a product within the category, 45% say they plan to buy within 12 months.¹ Therefore, the return on your lead generation investment comes from well-conceived and consistently executed lead nurturing programs.

When an inquiry is only partially qualified and does not make the grade of readiness for the sales team, they should be nurtured using a process sometimes called “cultivation,” “incubation” or “lead development.” Nurturing involves a series of communications intended to build awareness, consideration and trust while keeping a relationship moving forward until the prospect is ready to buy.

The objective of a nurturing program is to stay in touch with prospects so that when they are ready to buy, they will contact you. Things change rapidly in businesses. The only way you can be there when they are ready to buy is with regular communication.

But lead nurturing is bigger and more important than just staying in touch with a prospective buyer. It’s about building a relationship based on trust and value. It’s about continuing the conversation that began with the initial lead generation outreach. Like any other conversation, it can go in a variety of directions. It needs to be flexible and responsive to the evolving needs and interests of the prospect.

The nurturing process can be fast or slow—or endless. Some prospects never get the budget or their needs change or they buy from a competitor. But if you just remind yourself that somewhere around half of all business inquiries eventually result in a sale—for someone, anyway—you will understand the critical need to put in place a robust and effective nurturing process that will keep prospects aware of your company and your solutions and keep them engaged with your business.

Lead nurturing is bigger and more important than just staying in touch with a prospective buyer. It’s about building a relationship based on trust and value.

The need for lead nurturing is driven by the B-to-B buying cycle

B-to-B buying is a complex process involving multiple parties and a long series of steps, often as long as 18 to 24 months from inquiry to close. The following chart shows a typical B-to-B buying cycle.

The B-to-B buying process
Identify need
Research solutions
Develop short list
Request proposals/quotes
Review proposals/quotes
Negotiate
Select vendor
Install and use
Upgrade

¹Obermayer, James. *Managing Sales Leads*. Thomson, 2007.

The buyer's needs are different at each stage, and various individuals influence the process. It is the objective of the marketer to stay involved as the process moves along.

One secret to success in remaining engaged with prospects is a robust lead nurturing program. You can't expect to control the process, but you can certainly influence it to your advantage.

The business case for lead nurturing

A solid lead nurturing program can triple the productivity of your lead generation program. How? It's all in the numbers, beginning with the Rule of 45. This rule, based on many years of lead qualification studies, says that, on average, 45% of lead generation campaign responders buy in the category within a year. At the six-month point, 26% will buy.

But in any lead generation program, only a handful of campaign responders will be ready to buy at a given time. A nurturing program is designed to keep in touch with them until they are ready to either buy or see a salesperson.

Let's look at the math in more detail using the hypothetical, but not atypical, results in the following chart:

Campaign stage	Results	Qualified leads
Responses generated	100	
Immediately qualified leads	5	5
Unqualified	95	
Post-Campaign		
Lead pool	95	
Contacts reached (60%)	57	
Qualified via outbound communications (20%)	11	11
Nurturing pool	84	
Qualified via nurturing (30%)	25	25
Total qualified leads		41

To keep it simple, let's assume that this lead generation campaign resulted in 100 respondents. Only five of these inquirers proved to be qualified and ready to see a salesperson immediately. The other 95 were put into a qualification process based on some form of outbound communications, very likely email or telephone. Naturally, not all of the responders could be reached. This example assumes that only 60% were reached.

In the next stage, 20% of those who were contacted—or 11 responders—converted to qualified leads. The campaign results more than tripled by adding 11 to the five already-qualified leads. So far, so good.

But here is where the numbers get very interesting. The rest of the inquiry pool—84 respondents—moves to a nurturing program. Over time, nurturing generated another 25 qualified sales leads, 30% of 84 is 25, raising campaign results from 16 to 41 cumulative leads, greatly improving the overall campaign productivity.

In any lead generation program, only a handful of campaign responders will be ready to buy at a given time.

Why lead nurturing is often underleveraged

Despite this enormous opportunity for improving campaign productivity, some companies ignore lead nurturing or don't take advantage of its power.

There are several possible reasons companies don't focus on lead nurturing:

- Marketers caught up in the excitement of the initial lead generation campaign may find the concept of nurturing too tedious to focus on.
- It's easy to develop the first and second nurturing contacts, but it becomes increasingly difficult to develop a six- to nine-month, multi-contact communication plan that takes into consideration the combinations of responders and nonresponders within a nurturing program.
- There may be unresolved conflict about where nurturing fits into the sales and marketing process, who should manage it and how it should be funded.

But companies that successfully tackle these issues and put solid nurturing programs in place actually outperform their competitors. In November 2008, the Aberdeen Group published a study that proves this point.² Aberdeen took data about increases in annual revenue and the number of qualified leads produced and divided a sample of 213 companies into three categories:

1. **Best-in-class companies**, the top 20% of revenue and lead producers
2. **Average companies**, the middle 50%
3. **Laggards**, the bottom 30%

The study revealed some fascinating insights into the importance of lead nurturing in regard to levels of success of best-in-class companies:

- Best-in-class companies were twice as likely to have nurturing programs in place, compared to average companies.
- Best-in-class companies were 4.6 times more likely to be involved in nurturing than were laggard companies.
- Best-in-class companies achieved not only higher revenues, but also better campaign response rates, lead qualification rates and average order sizes than the other companies.
- Most interestingly, nurtured leads in best-in-class companies resulted in 47% higher order sizes than non-nurtured leads.

Clearly, lead nurturing is closely associated with revenue and lead generation productivity.

Lead nurturing is closely associated with revenue and lead generation productivity.

²Aberdeen Group. "Lead Nurturing: The Secret to Successful Lead Generation." November 2008. <http://www.aberdeengroup.com/summary/report/benchmark/5378-RA-successful-lead-generation.asp>

II. The lead nurturing process

While the concept of lead nurturing is fairly simple, the process involves several steps, each of which plays a key role in your success.

Step-by-step process points

1. **Qualify sales inquiries via outbound contact**, usually email or phone, to separate the qualified leads from the nonqualified prospects. Sources of leads requiring nurturing include:
 - a. Partially qualified inquiries. They are not ready to deliver to sales, according to predefined qualification criteria.
 - b. Leads returned by the sales team. Frequently, a presumably qualified lead turns out to require further nurturing. The contact may have changed jobs or the business need may have changed, so sales will return the lead to marketing for further follow-up.
2. **Sort the remaining nonqualified prospects** into categories, or “prospect ponds,” based on qualification criteria such as:
 - a. Purchase time frame
 - b. Size of opportunity
 - c. Whether the purchase is budgeted
 - d. Job title or buying role
 - e. Whether the respondent would like to see a sales rep
3. **Profile the responders** to gain insight into their needs and the business issues that are the most relevant to them. As the nurturing process gathers new information about the inquirers, those data points must be entered into the lead management database.
4. **Set up a decision tree process** for communicating with prospects by segments. The series of communications can vary widely, using all communications media—online, offline and social and alternative channels—as well as all kinds of sequencing and timing strategies.
5. **Hand the qualified lead off to sales** when a prospect is ready to see a salesperson.

III. Best practices in lead nurturing

Use the most powerful media

Four key media have proven their value in lead nurturing, so it's best to start with the best:

1. **Email.** While email is not the ideal channel for cold-lead generation, it is very effective for lead nurturing, due to its low cost and the willingness of business buyers to receive email from vendors with whom they already have some kind of relationship. In fact, the more tailored email is to the needs of the prospect, his or her stage in the buying cycle, area of interest, title or job function, level of qualification and other factors, the more productive email is as a nurture channel. According to the Aberdeen study, 65% of companies reported that they use email for lead nurturing.
2. **Direct mail.** Long the workhorse medium of B-to-B marketing communications, direct mail is effective in nurturing programs because of its flexibility and ability to make an impact. Today, the most effective nurturing programs use 1:1 print-on-demand direct mail communication to tailor their direct mail messages to prospects in much the same way email copy can be dynamically assembled. Nurturing-based direct mail can be shaped in an endless variety of ways, with applications to nurturing programs, like:
 - a. Flat or letter mail
 - b. Dimensional mail
 - c. Express mail
 - d. Postcards, including double postcards with a reply form
 - e. Self-mailers
3. **Telephone.** The power of the phone lies in its immediacy and flexibility. The closest thing to face-to-face interaction, the phone can deliver a powerful message to move prospects along in the buying process. The Aberdeen study stated that 44% of companies reported that they use the telephone as a lead nurturing medium.
4. **Social media.** The use of social media continues to evolve and can add major insight into nurture messaging. There are several tactics to consider:
 - a. Setting up a blog and online monitoring system to find relevant conversations within your audience
 - b. Creating RSS feeds to consolidate pertinent information and allow prospects to choose the content they want to receive
 - c. Establishing groups on LinkedIn to create an open forum for discussing issues and monitoring what's being said by your target audience

The more tailored email is to the needs of the prospect, ... the more productive email is as a nurture channel.

³Forrester Best Practice, "How Mature Is B2B Lead Management?," November 2006.

Mix up the nurture communications stream

To keep prospects' interest, it's a good idea to vary the types of communications throughout your lead nurturing. Below is a list of ideas to consider as contact strategies for a nurturing program:

- Catalog mailing
- Webinar invitation
- Trade show invitation
- New product announcement
- Newsletter (email or print)
- Press release
- Survey
- Video or CD mailing
- White paper, downloaded or mailed
- Article or chapter reprints
- Case study
- Research report
- Live seminar or road show
- Executive briefing
- Workshop
- Web site content announcement
- Podcast
- Customer testimonial
- Online demonstration
- Blog or chat invitation
- Personal communication, such as a birthday card or holiday card

Nurture according to the buy-cycle

Each stage of the B-to-B buying process requires the delivery of specific and unique types of content. Marketers need to create messaging that is appropriate for each stage. In the Aberdeen study, best-in-class companies were five times more likely than laggards to map the content used for lead nurturing to the prospect's stage in the buying cycle. Similarly, 72% of the best-in-class companies tailored their entire nurturing programs to meet the needs of specific customer segments. On the other hand, the laggard companies tended to use one universal lead nurturing program for all inquiries, with no variation.

During the early stages of the buying process, informative content is the material most valued by prospects, hands down. This might be white papers or research reports that demonstrate thought leadership and help prospects assess their needs for the category, product or service.

Later in the buying process, as prospects near a purchase decision, the most effective nurturing messages are about helping them make an informed purchase decision. Appropriate content at this stage includes comparisons, product reviews, customer testimonials and pricing information.

Best-in-class companies were five times more likely than laggards to map the content used for lead nurturing to the prospect's stage in the buying cycle.

The message funnel: Keeping the communications relevant

The secret to successful nurturing messages is being relevant to prospects' needs. Prospects early in the buy-cycle are not looking for a hard sell. They want information that will help them do their jobs and come to an informed buying decision. Thus, it is far better to deliver educational materials than promotional messages in the nurturing process.

This point is borne out by the Aberdeen research, which shows that laggard companies were nearly three times more likely than best-in-class companies to use promotional offers and marketing messages in their nurturing streams. Best-in-class companies reported that they use nurturing materials at the following rates:

Nurturing material	Usage
Educational materials (white papers, research, etc.)	78%
Webinar invitations	72%
Links to customized landing pages	72%
Product or service information	67%
Events and news about the company	44%

Source: Aberdeen Group, November 2008.

Ideally, when you build a nurturing program, you want to have a content library of offers that align with the buy-cycle, as illustrated below.

STAGE	QUESTIONS	OFFERS
INTEREST / AWARENESS	<ul style="list-style-type: none"> • What is the best way to solve my business problem or accomplish my corporate initiative? • What category of solutions or products might work? • What are the issues I should be thinking about when attempting to solve this problem? 	<ul style="list-style-type: none"> • Third-party educational white papers: <ul style="list-style-type: none"> – IDC, Gartner, Forrester, Frost & Sullivan – Issue overviews – Educational guides on category/ solution – Trend studies – Co-branded advertorials • Business books <ul style="list-style-type: none"> – Low response, high quality
CONSIDERATION	<ul style="list-style-type: none"> • How do I know that I've selected the right solution for my company and the business problem I am trying to solve? • What vendors of this category offer the best solution? • Who are the market leaders and why? • What do the analysts say about them? 	<ul style="list-style-type: none"> • Solution-application Web seminars • Product demos <ul style="list-style-type: none"> – "Try our color copier in your office free for five weeks"
EVALUATION	<ul style="list-style-type: none"> • How do I conduct an effective RFP? • How do the vendors compare on a feature-by-feature basis? • What's the right price to pay? • How do I prove the ROI on this investment? • What are the "nice-to-have" and "must-have" features I should be looking for? • What kind of training and support will we need if we buy? • How long will it take for us to be up and running? • When will we realize the benefits? 	<ul style="list-style-type: none"> • ROI calculators • RFP/RFQ development guides • Satisfied customer testimonials • Site visits • Specific competitive comparisons • Technical white papers • Invites to customer events/conferences

Furthermore, best-in-class marketers develop their nurturing content libraries to be optimally relevant to buyer types at each stage of the sales cycle. Information gathered in registration forms and through social media tactics should be dissected and divided into pertinent categories. Essentially, B-to-B marketers should prepare content to speak to the three major buying groups (economic, technical and end user) in each of the three stages: interest, consideration and evaluation. Thus, a marketer might have a content library that looks like this:

It is far better to deliver educational materials than promotional messages in the nurturing process.

Titles/Buy-cycle	Strategic buyer	Technical buyer	User buyer
Interest	Media-sponsored benchmark comparison report	Technical briefing and deployment study, knowledge center	White paper on category issues, knowledge center
Consideration	Breakfast briefing with Wall Street	Webinar on successful deployment	Webinar on successful deployment
Evaluation	Competitive case studies	White paper on technical issues to consider before implementation	Template for RFP development and ROI payback

Before the implementation of a nurturing program, it is important to coordinate all contacts by time, channel and message. Here is an example of a simple nurturing contact flow:

Day from inquiry	Message	Medium
1	Thank-you for inquiry	Phone
7	Research report relevant to request at inquiry	Email
30	Case study of success by company in inquirer's industry	Email
45	Seminar invitation	Phone
60	Customer testimonial and personalized letter	Mail
75	Link to article from trade journal	Email
90	Personal note from sales engineer to schedule online demonstration	Email
105	White paper and personal cover letter	Mail
125	Invitation to breakfast seminar at trade show	Email

IV. What's new in lead nurturing

The most important new development in lead nurturing is the arrival of automated systems to help you manage the planning and execution of lead nurturing communications streams by customer segment. Sometimes called "drip marketing," these automated systems not only manage the communications, but also route the leads to the appropriate sales resource when they are ready to be worked.

When properly applied, campaign automation tools from suppliers such as Silverpop Engage or Eloqua can make the entire lead generation process faster and more responsive to customer needs. These tools allow you to:

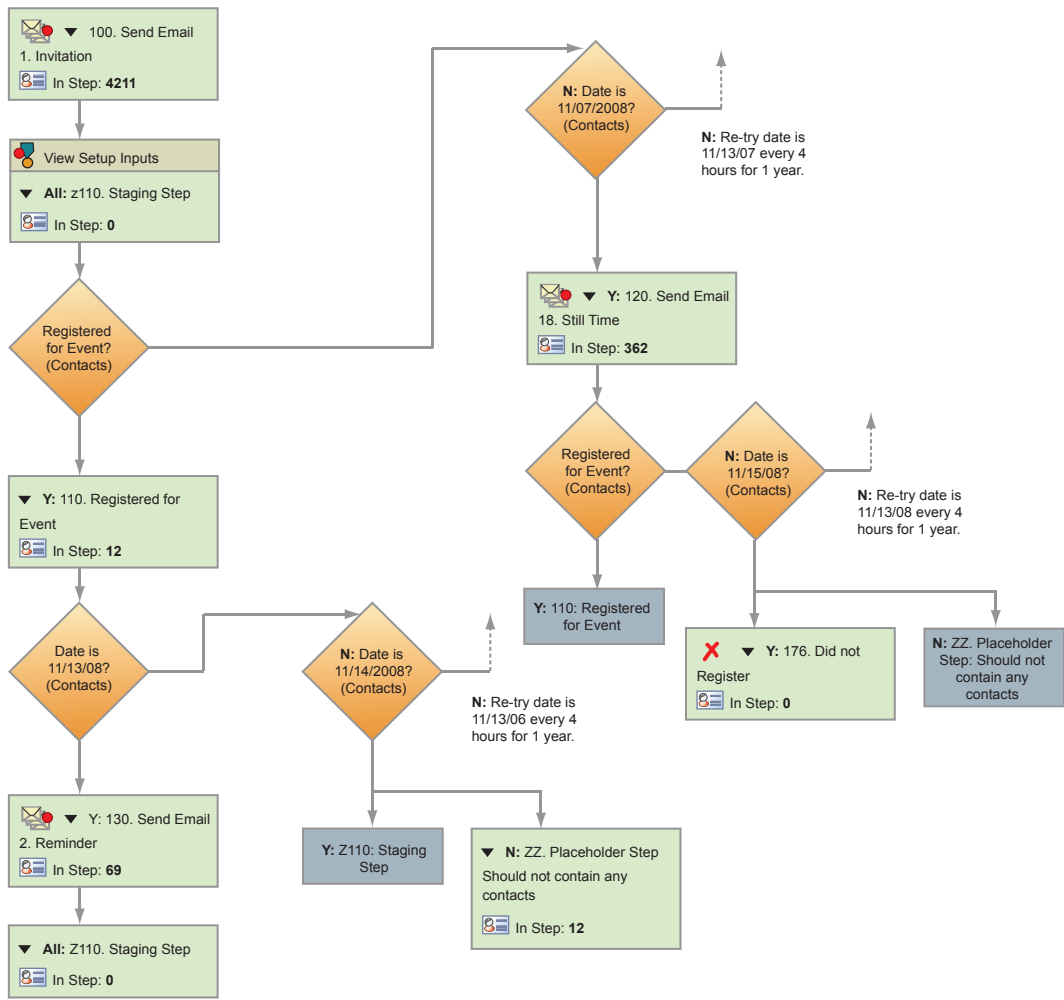
- Automate lead generation with marketing campaigns across multiple communications channels, such as email and direct mail
- Gain a detailed view into your lead flow at all stages of the buying cycle
- Implement accurate lead scoring to identify the right leads to send to the sales team
- Set up efficient lead nurturing programs to stay in touch with high-potential prospects
- Analyze campaign ROI at every stage

Specific to lead nurturing, these platforms enhance the process with tools that:

- Automate the lead follow-up process
- Communicate with prospects according to time frame, date, response, interest or behavior
- Continually adjust the lead score based on a combination of activity and response behavior
- Identify newly qualified prospects quickly and route the lead directly to sales via email or customer relationship management (CRM) integration for follow-up

Automated, event-triggered nurture campaign workflow

Most lead nurturing automation systems use an event-triggered marketing program to customize an efficient and highly relevant series of communications.



V. Checklist for your nurturing program

- What content can you provide prospects to build awareness, consideration and trust in your company and its solutions?
- Do you have enough content to stay in contact with prospects for at least six months without duplicating a message?
- Do you have content that will help move a prospect through each stage of the buy-cycle (interest, consideration and evaluation)?
- Do you have content for the various types of decision makers and influencers (economic, technical and end user) involved in the purchase decision?
- Do you have systems in place to help you use data on a given prospect to drive relevant messages and offers to that prospect?
- Do you have message maps that direct which communications should be sent, based on which actions a prospect has taken in response to a prior nurturing contact?
- Do you know the average time frame and steps involved in purchasing your product? Have you met with sales to confirm this information?
- Do you know the biggest pains, barriers or desires that prospects are trying to address, and does your nurture content stream provide solutions to their problems?
- Do you know what additional data is needed and which actions a prospect must take during the nurturing process to ultimately have them qualify as sales-ready?
- Do you have a series of telescripts that address critical business issues to get a prospect's attention for your telenurturing operations?
- Have you considered the role that social media will play in the nurturing of leads?

About The Kern Organization

Over the past 20 years, The Kern Organization has developed unique expertise in helping B-to-B marketers optimize their go-to-market operations. TKO brings to its clients the experience of working with more than 50 leading B-to-B marketing companies, developing thousands of campaigns and generating millions of qualified sales leads. TKO provides evaluation, consultation, design and implementation services in a turnkey manner for all aspects of integrated demand generation and lead management programs using its exclusive B-to-B High-Tech Lead Farm™ approach.

For more information, contact Russell Kern at 800-335-4244 or email him at rkern@thekernorg.com.