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Whitepaper

Real Marketing Analytics for Lead Generation

Tips on how a lead management system can help you track, score, nurture leads and give you visibility to *real* marketing analytics.

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Marketing analytics has always been the buzzword for insight about the success of your marketing programs. But it actually has multiple meanings and can take marketing departments in many different directions. For the purpose of this whitepaper, we are going to stay very practical and therefore very simple. Marketing analytics really encompasses two main themes - What should I measure? and How do I easily gain visibility into program success?

Marketing analytics used to be about measuring hits on your website, and opens and clicks on emails. But as marketers, we know that the times are changing. The current business climate, as well as the fact that the buy cycle (how your prospects buy) has changed because of the vast amount of information available on the Internet, are forcing us to change the way we market products and services. Therefore, the analytics and metrics that we use to track and evaluate marketing programs must change, too. This is not to say that analytics regarding the hits on your website are unimportant or that you shouldn't track clicks on an email. However, those metrics are no longer the end point, instead they are merely the beginning of real marketing analytics.

It's time to adjust to the way prospects are buying. For instance, we know for fact that most prospects that come to your website are not yet ready to buy. These days, prospective customers are out on the Internet researching what they need, what is happening in the market and who offers what long before they are ready to purchase. For this reason, as marketers we must change how we track and score prospect behavior in order to determine when a lead is truly a lead and is ready to be passed on to sales. As part of this, we must also identify ways to nurture these early leads into "sales ready" buyers.

Once again, we aren't suggesting that clicks, hits and inquiries are not important metrics. But what we are saying is that for marketing departments to truly perform their jobs with lead generation, they need to account for so much more. It's fairly easy (even free) to get an application hooked up to your website that gives you the statistics on visitors, pages visited, duration, etc. Most email programs will provide the basics of opens and clicks. So these metrics can and should be tracked today. However, pressures are mounting on every company to maximize their marketing ROI and increase their ability to pass "sales ready" leads over to the sales force. Below, we will evaluate some of the metrics needed in order to effectively measure the success of your lead generation dollars.

It really all comes down to maximizing the money that marketers are using for lead generation. The money spent should show a return and yield a very strong ROI – related to sales and revenue. This money should be evaluated so it is continually applied to the highest yielding program(s). Marketing should look for every way possible to maximize their lead generation dollars. Similarly, they should look to continually increase the amount of revenue generated per campaign. To do this, they must gain visibility into individual programs to determine the number and quality of leads they generate, their conversion rates, and how many of those leads ultimately transform into closed sales. But how can marketing easily do this? It's not as if marketing departments have tons of extra people or endless funds available.

As noted previously, increasing the value of your lead generation dollars also includes ensuring that leads being handed to expensive sales resources are "sales ready." How do marketing departments help the company to not only maximize their sales resources (who are focused on selling), but also give their sales department confidence it can remove the need for them to generate their own leads? According to CSO Insights' Sales Performance Optimization Study of 2008, salespeople are generating 50% of their own leads. That is a very expensive proposition for any company and raises the question – what is marketing doing?

Marketers must find a way to track and manage leads through the lead life cycle. This requires the visibility to drive leads, track leads, evaluate leads, determine when leads are "sales ready", and determine when they are not. Additionally, marketers must take the responsibility to nurture those leads that are not "sales ready" to maximize the value of what they've spent on their lead generation dollars. Some industry benchmarks suggest that leads must be continuously "touched" before they close. At least 80% of leads close only after 5 contacts and in some cases that number is closer to 9 – 11 touches. If you as a marketer are assuming that the value of your lead generation dollars comes from one email blast or a month of AdWords, then you're not on the right track to understanding how to increase the value. Nurturing leads (through multiple contacts or touches) as part of your lead generation programs will increase the return of your lead generation dollars.

So, how do you enable your organization to increase this value (money spent on lead generation), start tracking marketing analytics you haven't before, and gain total visibility into the leads that you are generating? Marketers need to incorporate systems and processes in order to help them. We aren't suggesting huge overwhelming situations. There are simple things that can be done little by little to help give you visibility into real marketing analytics.

Lead management systems – automation specific for marketing departments – are now becoming more prevalent in helping marketers drive qualified leads. These systems further give marketers visibility into real marketing analytics – those connected to the fundamentals of the business. What are the analytics that can be gained by marketing organizations through these types of lead management systems? Let's discuss this in relation to a few examples of lead generation campaigns.

> **"Sales people are generating 50% of their own leads."**
> **- CSO Insights**

Let's say you send out an email campaign. First, you are going to want to track how much money was spent, how many emails were sent, to whom they were sent (specific market segments), and what the returns were. That last phrase "what the returns were" is where the rubber meets the road and where marketing software helps provide the specific details along the way. You'll need to evaluate the effectiveness of that campaign and that type of campaign (i.e., email versus AdWords versus tradeshow), so you can continue to pump dollars onto proven successes. Let's evaluate the metrics that should be visible and evaluated throughout the process.

So, let's assume an email campaign went out to 10,000 people. What should we measure and how should we measure to maximize our lead generation dollars?

- We need to measure how many people clicked (opened the email and clicked on one or more of the links).
- We should measure if there were multiple links in the email, and if so which links were most popular.
- We should measure how many of the clicks that went to the landing page actually converted (filled in a form to get something – product demo, trial, whitepaper).

The next phase of marketing analytics depends on your process and your ability to manage and track it. If you pass all of these conversions over to sales and that works for your organization, then the rest of this whitepaper probably is not for you. But that means none of the real marketing analytics has yet been tracked and made visible. Conversely, if you take leads, score them based on their behavior and/or demographic information, you are in a good position to determine which leads are "sales ready" and which aren't. So let's say we've implemented a lead management system that allows the leads that came in from the campaign to be scored automatically. What's next? What metrics do we need to track to understand how we are doing?

- Of the leads that filled in the form (conversions), how many were scored and passed on to sales and how many stayed in the marketing bucket for further nurturing? This could tell us how well targeted our email campaign was – how many of the people we targeted fit our lead profile.
  - We'll need to track the number of "sales ready" leads passed to sales per campaign
  - We'll need to track how many of the "sales ready" leads became qualified opportunities
  - How many of the qualified opportunities became sales and for how much revenue
  - Finally, there needs to be a round trip between the CRM system and the lead management system. In other words, how many sales and how much revenue were attributed to that campaign?

- For the leads still in the lead management system, we'll set up a nurturing program, where the system, based on a series of conditions, sends out emails throughout the weeks and months to stay in touch with the leads **(remember the stat above about 5 contacts per lead)**.
- How many leads in the nurturing program hit the scoring threshold and become "sales ready"?
  - How many of these "sales ready" leads progress through the cycle as outlined above?
- How many leads stay in the nurturing program – what percentage of the leads you generated per campaign never move to sales?
- How many marketing generated leads moved over what period of time to the sales organization?
- What percent of the leads moved to sales closed and for how much?
- What was the ROI of the campaign as defined by revenue per expense?
- What are the most successful types of campaigns
  - by channel – online, offline
  - by mechanism – email, AdWords
  - by target market – vertical industry, company size, title, etc.

It's apparent that to maximize lead generation dollars, marketing must become accountable and gain the ability to track real marketing analytics. And by this we mean the type of analytics that impact business models, not just hits on websites. In order for marketing to have that impact, it needs to utilize its own systems and processes, not those of the sales team or other business department. This needs to be done with ease of use and simplicity. As most of us know, marketing departments are stretched thin and asked to account for things without being given the resources to do it. A lead management system can put the proper processes in place. As is the case with most new systems, marketers should start simple – allow for the system and process to grow as you start getting more familiar and more comfortable with the analytics that you need.

About LeadLife Solutions

LeadLife Solutions is a provider of on-demand lead management software that enables B2B marketers to automatically track, score, prioritize and nurture leads. With LeadLife's flexible and intuitive software you can increase the value of your lead generation dollars online/offline, qualify sales leads, shorten sales cycles and increase your marketing ROI. At LeadLife it's not only about leveraging automation, but also delivering lead management best practices to increase marketing and sales success. For more information on lead management and our best practices, please visit www.leadlife.com or call 1-800-680-6292.