

# **CONVERTING INQUIRIES TO QUALIFIED LEADS**

**BY**

**JOHN M. COE  
PRESIDENT, DATABASE MARKETING ASSOCIATES**

## **INTRODUCTION:**

One of the most difficult and misunderstood business processes today is the entire subject of “leads”. Starting with the stimulation to generate inquiries through the challenging hand off and follow-up by a sales resource, this area sees more wasted money, lost opportunity and downright mistakes than any other area in business-to-business (B2B) marketing and sales. Now the Internet has entered the lead area and, in addition to the benefits that the Internet brings, it has also made the process more difficult to manage and measure.

This negative tone is countered with the optimism I feel when talking to clients on the subject of improving their lead process for two reasons:

- First, there is always great room for improvement in their process. And, the returns obtained from improving the lead system are generally great.
- Secondly, the competition is probably performing the lead process at the same level or worse. A good lead process can therefore become a competitive advantage and possibly steal market share.

The purpose of this white paper is to outline a solid process and offer some tips and techniques that, when applied to your business situation, will turn the lead process from marginal into something to brag about.

## **FIVE STEPS TO LEAD SUCCESS:**

There are five parts to a complete lead process and it is important to understand how these five steps must link together to form a coherent and productive lead system. For each step, I’ve written the most common objective.

### **1. INQUIRY GENERATION:**

To generate a sufficient quantity and quality of inquiries at the lowest possible cost per inquiry.

### **2. LEAD QUALIFICATION:**

To properly qualify the inquiries into leads in a manner that is not only friendly to the potential customer but produces a positive feeling for those inquiries that do no move forward in your sales process.

### 3. LEAD DEVELOPMENT:

To develop and pre-sell the qualified lead to a point in the buying process where the hand-off to the sales channels is appropriate for both the lead and the sales person.

### 4. HAND-OFF:

To insure that the lead hand-off is seamless and comfortable to the buyer and is properly followed up by the sales resource as well.

### 5. CONVERSION:

To convert the highest number of qualified leads at the lowest sales cost in a manner that leads to repeat sales.

For the remainder of this white paper, I've taken these five steps and expanded on them so that you should be able to design a new process for your lead system or at the very least, pick up some tips or techniques. As the first three are a bit more important to the marketing group, that's where the focus has been placed in the following comments.

## I. INQUIRY GENERATION

Marketing departments historically have been tasked with generating inquiries and the typical measurement of success is quantity and not quality. The more inquiries the better! Trade magazine publishers even awarded those ads that generated the most inquiries with some form of platitude. Those days are over and, in fact, have been over for quite some time as response rates for ads, direct mailings and trade shows have gone down while their cost per inquiry has continued to increase.

A new approach is required to generate "the right inquiries" and it rests on two primary pillars. They are **segmentation and offer**.

### SEGMENTATION:

Market segmentation is a much-discussed topic and often is bundled with two other processes – profiling and targeting. For the purpose of this white paper, we'll stick to the basics of segmentation.

Assuming that you know the profile of your best customers and desired targets, the question arises – how should I segment these "suspects" for the best results? The reason for segmentation lies in the desirability and ability for us to now drive **relevant messages** to unique slices or **micro-segments** of the audience that will hopefully fight through the ever-increasing clutter. There are four micro-segmentation descriptors that B2B marketers have found successful as the basis of segmentation.

**1. Demographic:**

Demographic segmentation typically rests on the definition of the industry by using the SIC Code (now being translated to the new North American Industrial Classification System or NAICS) and/or some measure of the size of the company. Over the years, employee size has been determined to be the most accurate and available way to judge the size of an organization as 99% of all US companies are privately held and obtaining the actual dollar sales is next to impossible. In addition to these two demographic building blocks several other facts may be of importance in your particular situation.

Geography, year started and type of facility are three additional demographic facts that may help in building a micro-segmentation scheme.

**2. Relational Demographic:**

For every business and/or product sale there is usually at least one or several key pieces of information that, if known, would create powerful opportunities to segment the target audience. To help explain this, I'll return to my days in the chemical and plastics industry and recall the selling of polyvinylchloride or commonly known as PVC or vinyl. This thermoplastic is used in a wide variety of applications and it would make a major difference in our micro-segmentation and message if the potential customer processed the PVC by extrusion, injection, blow or rotational molding processes. In this case the relational demographic is the type of process that the targeted company employs to manufacture its products.

For the computer industry, it might be the technology in use or the current software solution. For gasoline wholesalers it could be if the company has a gasoline tank in the yard or fueled at regular gas stations. For advertising agencies, it might be if the company has an agency of record, uses freelancers or creates marketing communications in-house.

I think you catch the drift. For your situation, think of a fact (demographic piece of information) that is in relation to what it is you're trying to sell and then plot how that information can be obtained and recorded in the database. If this can be done, then it will be a very powerful segmentation approach.

**3. Behavioral:**

Many times the lists that are available to be rented contain names of individuals or companies that have engaged in some behavior that tips off their interest or situation. Attendance at a trade show, subscription to a vertical trade magazine or a response to a direct marketing offer are three that are common.

This behavior, when combined with their industry and size, could form the basis of a great segment for relevancy of message and offer. This requires a database overlay or enhancement procedure and while this is not an easy task, it has the potential to be very much worth the effort.

#### **4. Competitive:**

We all compete in a market place that, at times, seems to have too much competition. There are two primary forms of competition faced by all marketers. The first is direct which is defined as an offset product or service that is directly comparable. The second is indirect and consists of other methods or technologies that can be used to perform the same job or function. Many times it's these indirect or new technologies that are the toughest forms of competition.

As good marketers, you know the competitive sets faced in the marketplace. What if you could identify the potential customers by the current form of competitive solution they are using? Powerful? Yes, it is and of course the problem is to determine this competitive information. A good telemarketing research program might do the trick, as very few public data sources or lists have such information.

There are other segmentation models such as "firmographics" (commonly known in the consumer market as psychographics), need based and even econometric models that assess the health of a geographic area. Some or all of these may be valuable in your situation but are much harder to obtain from public data sources or lists. Therefore, start with the four segmentation criteria listed above for best results

#### **OFFER:**

The offer is, quite simply, the specific reason or catalyst that an individual is given to respond. In B2B it frequently is confused with the "offering" which is the actual product/service. While the unique selling proposition, features or benefits found in the product/service, may be compelling, it may not be enough to move the audience to respond. In the world of direct marketing, the offer is usually the second most important element of a successful direct marketing communication. The first, of course, is the selection of the right list.

There are a variety of offers that can be made to generate response. One of them is not the too frequently used "for more information". This offer is really a "cop out" by ad agencies or even marketing communications people and represents lazy thinking. Even if the "for more information" is a brochure, then make the offer the brochure and give it a name to add some zing. This will pull more inquiries.

The two most common types of offers to generate inquiries are **soft** and **hard**.

- **Soft offers:**

These types of offers do not commit the responder to anything more than receiving something of interest or value. Offers such as a free software CD, technical report, product comparison chart, self-audit form, and yes, even a white paper are great inquiry generators. To encourage response these soft offers should also contain an end date or “limited time” to the offer.

- **Hard offers:**

Unlike soft offers, a response to a hard offer commits the individual to some form of action or contact from the company. Attendance at a seminar or E-seminar, phone call or even visits from the sales force and, of course, a purchase are all forms of hard offers. In almost all instances, these offers are combined with limited time and, if appropriate, limited quantities.

**The combination of segmentation and offers:**

With this brief description of four segmentation approaches and two offer strategies you are now ready to create a direct marketing communication that combines both. In other words, for the targeted segment an offer of high interest and relevancy can be created that will drive the inquiries that are truly interested in your product or service.

This combination must be chosen with an eye toward the **stage of the buying process**. Potential buyers that are in the early stages of the buying process will be more responsive to soft offers. As they reach the end of their buying process, hard offers should contain more value and generate more immediate interest.

All the marketing communication media can be employed to stimulate inquiries and, depending on the needs or objectives of your marketing campaign, several or all of the media should be chosen. The most cost effective in B2B are mail and telephone.

## **II. LEAD QUALIFICATION:**

Now comes the tough stuff – lead qualification. The reason I call it tough is this. Ask five people in different functions within your organization as to what constitutes a qualified lead. Most likely you will get at least three different definitions. Actually this is a good exercise, and I recommend strongly you do it. If you do, then add the following criteria when asking this question to\of individuals in your firm for an even wider variety of feedback..

**1. Need**

This may be obvious but what are the descriptors of a lead that is in real need of your product or service. Is their problem or situation so painful that they dramatically need your solution or are they just kicking the tires? How do you define this?

**2. Timing**

When are they planning to buy? There may not even be a time schedule or they may, in fact, be ready to place a purchase order in the next week. Often this is a general answer, such as, within the next three months or year.

**3. Authority and Buying Process**

Who is the person that launched the inquiry and what role do they play in the buying process? Be careful on this one as frequently in the early stages of the buying process a person with less authority is performing the investigation. As the process goes further, the decision-maker usually becomes more involved. This is particularly true for larger companies who have a team or matrix environment.

**4. Budget**

There are two issues with asking the “budget” question. First, do they have the resources to pay for your product or service? Sometimes your inquiry generation works too well and a number of small companies or even individuals respond that may or may not realize the cost or commitment required to purchase. The second issue is a bit more situational as in many buying processes, the company is attempting to establish a budget and then obtain approval. I’ve known some situations where the budget question was asked too early in the buying cycle and the “don’t have a budget” response to this question caused the company to drop the inquiry and lose a potential sale.

Now you may want to add other criteria to this list for lead qualification but these are the four most common criteria that are used to assess the quality of the inquiry. A numeric scoring system can help to rank the leads which answers the questions as to which ones should go to the sales groups. Those refinements are up to you.

**How to qualify an inquiry:**

In my experience, the most effective way to qualify an inquiry to a qualified lead is to hold a dialogue with the individual who has inquired. Far too frequently, this need for dialogue was the driving reason that inquiries were sent to the field for follow-up and we know what happened. Today, the best and most cost-effective medium is the telephone. The conversation can sort out the best leads from the unqualified inquiries. In addition, if a well-trained teleservices person makes the call, more information can be gathered than by mail or even the Internet.

A word about the use of the Internet in lead qualification. It can be used very effectively if the individual has given **permission** to continue the contact by e-mail. It is very

tempting to use the Internet as it is cheap compared to other media. But, the cost of the media should not be the determining factor. The value of the sale and the need for information should drive the follow-up media choice. The other dimension of e-response is that the amount of information that the individual is willing to type is limited. This puts the Internet at a disadvantage to the phone.

### **III. LEAD DEVELOPMENT:**

If you generate an inquiry at the early stages of the buying process and the buyer has several steps before the purchase, then you may want to consider a lead development process.

Quite simply, not all leads are ready to be sold or are ready for a sales call. This step requires a database to capture the information on the current status of the lead and the multiple contacts required to develop the lead to the proper stage in the buying process.

This is, many times, called pre-selling and can consist of a variety of communications. Here are some to consider.

- Brochures followed by specific technical information based on the questions asked by the lead
- White papers on subjects relevant to the lead
- Invitations to trade shows or seminars (either live or virtual)
- Newsletters or press releases
- Periodic phone calls to check on progress of the purchasing process
- Web sites that are personalized and relevant
- Personalized letters
- Others

All of these contacts are intended to move the buying process forward to the point where a sales call is appropriate. By the way, a sales resource doesn't have to be in the field but could also be a telesales group.

A key component in a high quality lead development program is the availability of an individual that the prospect can contact to answer questions or request that the sales representative make a call. In fact, the presence of an inside sales or customer service person is the most important aspect of what customers valued about their suppliers in an Arthur Andersen survey.

**Leads that come back:**

If a lead development process is in place it has one additional major benefit to the organization. Simply, the sales group can “**hand back**” a lead that for some reason was not ready for a sales call. In addition, sales people may encounter opportunities that need development and the lead development group can handle this potential customer. Otherwise the sales group would drop it in the face of more important or urgent sales opportunities.

**IV. HAND-OFF**

There are two points that I would like to highlight regarding the hand-off to the sales group. The first is the amount of leads funneled to any individual sales person should have a “flow control” factored in. In essence, if 10 leads are sent to a salesperson in a week, then the chance that they all will be called upon in a timely fashion is small. Salespeople usually have too much to do and also have pre-set schedules. It is far more prudent to “flow” these leads more evenly to the sales group. It may even be a wise move to ask the sales group or even each person just how many leads they will follow-up on a weekly or monthly basis. This question and the adherence to their desires can help obtain commitment to the lead process.

The second issue is that a “new and improved” lead process is great but the experience of many sales people is that “leads are not even worth the paper they are written upon”. This attitude may not even be from their experience with your lead system but with other companies where they have worked. Therefore, it is strongly recommended that salespeople be part of the processes to design the system and be educated on the benefits to them of the new system. I have seen many new and high quality inquiry generation and lead qualification systems crash and burn as a result of sales indifference. You need to work as hard on obtaining input and commitment from the sales group as you do on developing a high quality lead system.

**V. CONVERSION**

Now for the payoff -- the conversion of a lead to a customer! This is the real goal of any lead system. A few points to remember when it comes to the conversion. The first is, be sure to share the credit with the sales group. Believe it or not I have heard direct marketing people say that they created the sale. Obviously they conveniently ignored the role of all other marketing communications, branding and the sales force played in the process. This can be tempting for direct marketers as they do receive the potential customer’s responses and also like to measure results. But it is not at all realistic to take credit for the sale. In fact, sometimes the reverse is true as the sales force claims the sale.

The typical phrase I've heard many times is "I was calling on this lead all the time". It's a company result and should be celebrated and rewarded that way.

Secondly, while measurements are important all along the way to the sale (e.g. percent response, cost of inquiry, lead, etc.), it is now critical to tie the sales result back to the entire campaign. Here's why. Many times a campaign may generate few leads and initially be judged to be mediocre. On the other hand if these leads produce a high sales dollar and margin then the program is a winner. This is the only valid way to judge a lead campaign. In my experience, management's desire to measure success is applied too quickly and false measurements can easily occur. Try hard at applying a little patience in the measurement of your lead campaign. This demands a closed loop feedback system and that, in itself, can be a daunting challenge.

### **SUMMARY:**

Well, there you have it – a bit of advice on developing an inquiry generation and lead system. There is much more to this than a white paper can give, but the goal was to provide some insight and a few tips and techniques to apply today. Hopefully, you will do so and realize a performance improvement in your system.

For questions, don't hesitate to call and I'll be glad to offer some more information and insight on your specific lead issue.