

# Lead Generation Best Practices

## Companies Still 'Sticking to the Basics'

### INTRODUCTION AND SUMMARY OF KEY FINDINGS

This report is based on a Web survey conducted in late August, 2008. We have assembled input from marketing decision makers within all ranks of medium and large enterprises. Our objectives were to gain understanding of the following:

- Are marketers using the latest "best practice" techniques for their lead generation and marketing communications? Are they performing segmentation and personalization of their email and online programs and tracking results?
- What criteria are marketers using / not using in order to better target their campaigns?
- How good is the data within enterprise prospect databases and what steps are companies taking to improve the quality of data?

Online marketing best practices have shown that focusing, segmenting and personalizing marketing campaigns, will generate significantly better results than generic 'spray and pray' outreach. In this survey, we set out to understand whether companies are in fact using targeting and personalization best practices in order to improve response rates, reduce 'list churn' and improve return on marketing spend. We also wanted to learn more about what specific methods for segmentation and customization that our participants are using.

What we discovered is that most companies today are sticking to the basics and have not yet adopted more comprehensive targeting, segmentation and customization in their marketing efforts. The most common challenges that marketers are facing are limited resources (e.g. it takes more time and resources to implement customization and personalization, test variations to see what works best, and analyze results), and a limited understanding of the specific benefits.

This is possibly due to the limited availability of meaningful comparative data to judge results. If a company were to implement specific targeting for their campaigns and communications, what should the increase in expected results be? There is a wide range of variables that contribute to resulting outcomes, so it is not possible to predict this with accuracy. However, we do know from customer case studies that maintaining database quality combined with campaign personalization and targeting will surely improve results.

Our previous survey discovered that 79% of companies are doing email marketing, which is excellent. But we further discovered that very few companies, especially B2B companies, have ventured beyond basic

Email marketing, and into full function marketing automation solutions yet. Consistent with this previous finding, the information that is most important to marketers in their prospect databases are simply email address, name and company. Information such as title, geography and any relevant behavioral information, like website session information, is not presently being utilized to its full potential to improve targeting and personalization.

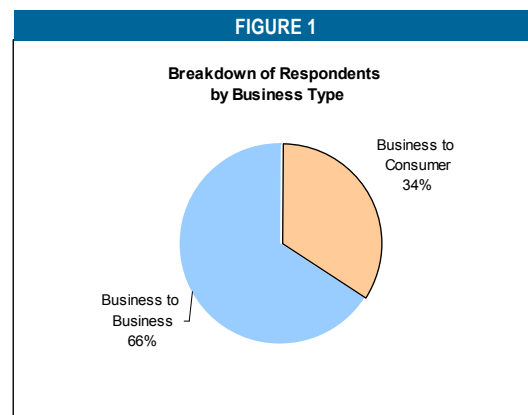
### SURVEY METHODOLOGY

The survey was sponsored by Pinpointe ([www.pinpointe.com](http://www.pinpointe.com)) a leading provider of on-demand, email marketing automation, with analysis and reporting provided by ResearchCorp.org ([www.ResearchCorp.org](http://www.ResearchCorp.org)). Respondents to the survey comprise independent marketing professionals responsible for corporate communications and lead generation. Respondents were offered a copy of the final report and were entered into a drawing for a free iPhone, but were not compensated for participating in this survey.

A total of 858 respondents from corporate Marketing departments completed the online survey via [www.surveymonkey.com](http://www.surveymonkey.com), an online survey tool. All survey respondents were employed by organizations with at least 250 employees, so the Small / Medium Business ("SMB") segment is not represented in this report. This survey was co-sponsored by Pinpointe, and the co-sponsor was not revealed to participants. Not all questions were required, so not everyone answered every question. Some questions allow the user to enter multiple selections. In these cases, results do not total 100%.

### SURVEY DEMOGRAPHICS

Our group consisted of 66% Business to Business ("B2B") companies and 33% Business to Consumer ("B2C") companies (**Figure #1**).



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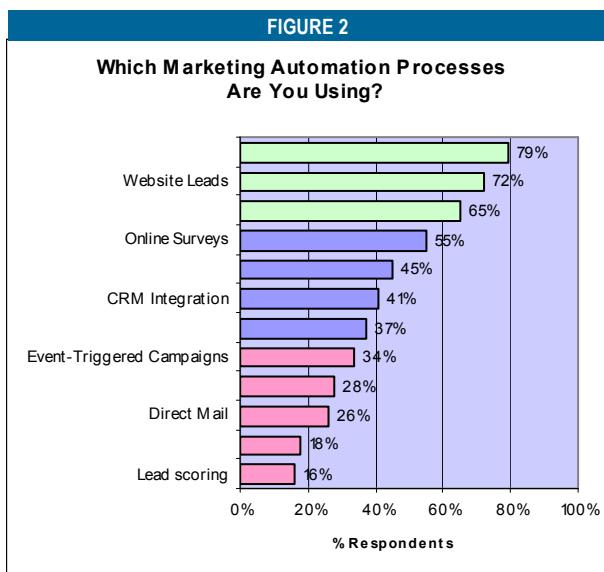
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Because the B2B sales cycle is often characterized by larger per-sale transactions, and longer sales cycles with more complicated products, B2B companies are more likely to benefit from sales and marketing automation products that manage and automate customer / prospect communications over a longer sales cycle.

### EMAIL MARKETNG + GOOGLE TRACKING

We started our survey by asking participants about which marketing automation processes they are currently using to capture lead prospects and to maintain communications with contacts and customers. Not surprisingly, email marketing automation topped the list, with a full 79% of participants doing email marketing. Two of every three companies are also doing Web analytics, using free tools such as Google Analytics or commercial analytics packages like Coremetrics.

Lead scoring and lead routing were toward the bottom of our list, with a mere one in six companies currently doing lead scoring, though 50% of respondents want to begin lead scoring in the future - indicating a possible opportunity for marketing automation companies. Surprisingly, automating the search bidding process ranked lowest on our list overall, with only 19% of companies indicating they are doing this, with half of the respondents indicating they have no interest in automating the search bidding process. (Figure #2)



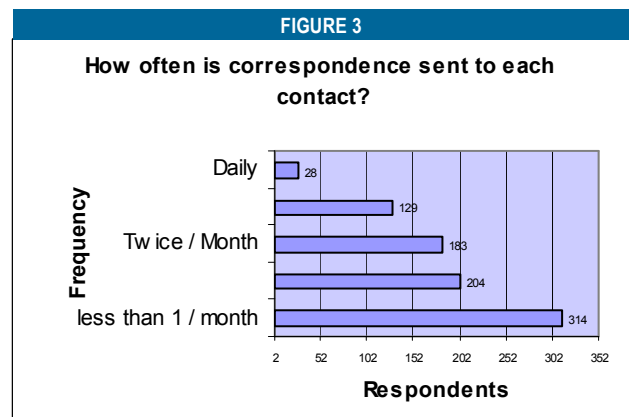
### FREQUENCY OF COMMUNICATION

We asked our respondents how often they communicate with prospects via email marketing. There isn't a set frequency that is appropriate for every business. Sending too often may irritate prospects, resulting in an increase in SPAM complaints and an increase in the percentage of opt-outs. Not sending often enough can be damaging too, as recipients may forget who the sender is, or forget having ever opted in to their list, again resulting in SPAM complaints and opt-outs. The only way to know the answer for a specific audience is to test.

**"ENSURING THAT YOU HAVE REGULAR FRESH MATERIAL WILL HELP KEEP YOU TOP OF MIND WITH PROSPECTS. OFTEN YOUR MAILINGS WILL FALL BETWEEN THEIR BUSINESS DECISIONS, BUT WHEN THEY DO NEED YOUR SERVICES THEY WILL REMEMBER YOU... KEEP IT SHORT AND SWEET."**

-- RALPH RISK, LIGHTSPEED RESEARCH

A starting point of 1-2 times a month ranging to weekly may be frequency, though retailers, news-centric sites and sites with a cult-like following may be able to send daily. Here is the breakdown of how often our audience communicates with their audience. The results were the same for both B2B and B2C companies (Figure #3)

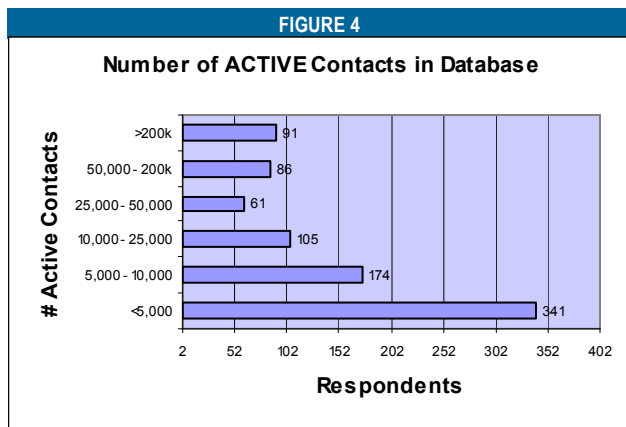


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### SIZE OF CUSTOMER / PROSPECT DATABASE

We asked our participants how many active contact names they have in their database. This includes customer names, prospects and people who may have subscribed to one or more newsletters. A full 40% of the companies have fewer than 5,000 active contacts, while 21% (about 1 in 5) have 50,000+ active contacts. (Figure #4). The median list size (not graphed) was approximately 10,000 contacts. B2C lists were 52% larger than B2B lists (not graphed):



### SOURCE OF CONTACT DATA

We wanted to gain insight about the composition of company prospect databases. Participants shared the approximate break-down of their contact database, based on the contact source. Respondents reported that on average, 28% of the names in each database are from existing customers.

The second largest source of contacts was from purchased / rented lists. Purchased lists accounted for 12% of the contacts in customer databases, accounting for about the same number of contacts as search, whitepaper downloads and webinars combined (Figure #5).

Search represented one tenth of the contacts in prospect databases. Given the amount of attention given to search, we expected this number to be slightly higher. However, the number is in line with Search Spending as a portion of overall lead generation budget that we have seen in previous surveys. Finally, companies rely on their sales teams' rolodexes and channel partners together for about one quarter (24%) of their contacts.

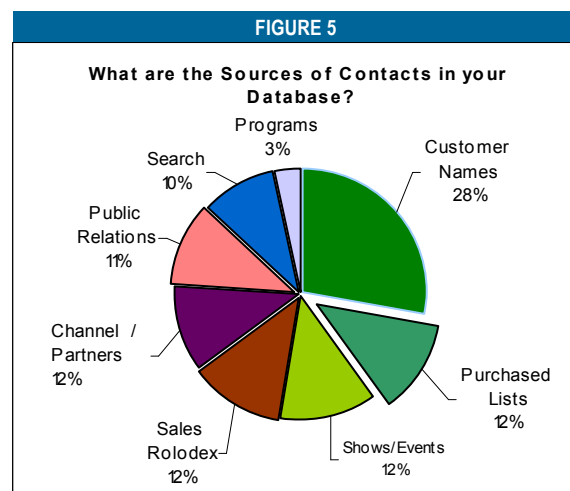
### PURCHASING CONTACTS IS HIGH ON MARKETERS LIST

We drilled down further on 'Purchased Lists' to get a better perspective of how many companies actively purchase contact names and lists in order to augment their existing database. A full 58% have purchased lists at least once a year and 1 in 5 (19%) would consider purchasing contacts to expand their database if they knew more about vendor solutions. Only 22% of our participants indicate that they would never purchase contact lists.

This result is not surprising for a few reasons, and we believe that this trend will increase. Given the current economic slowdown, Sales and Marketing teams are under increasing pressure to deliver results on constrained budgets. Companies are purchasing lists for email campaigns, telemarketing campaigns and to drive targeted traffic to webinars and similar events as a means to generate leads for the sales pipeline on a reduced budget.

We followed up with several of the respondents who have purchased or rented lists, to better understand whether their experiences were positive or negative. Almost universally, list rental received low ratings, as participants said they did not feel they achieved a reasonable ROI for \*rented\* lists.

Purchased lists received a better response, although companies indicate that they discovered 'good' and 'bad' quality list vendors. Most companies reported that they had a positive return on their investment from acquiring lists, even if the results and list quality were not as high as expected. Some participants indicated that the lists they acquired had a high level (20% - 30%) of invalid email / contact names.



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With respect to list *rental*, we suggest that companies avoid renting lists, and opt for list purchases instead. If they are going to purchase lists, ensure that the list vendor guarantees a full replacement of invalid or bounced contact records. We also recommend dealing with companies that focus on providing detailed prospect information such as title, title level and if possible, contact role. These fields can later be used to improve the efficiency of targeting.

### DATA: COMPANIES NOT USING THE "GOOD STUFF"

Participants indicate that the accuracy of basic name, address and contact information within their databases is critical, with 80% or more indicating that each of these fields considered as 'Must Have' or 'Important' criteria. This is the minimal information required for email and/or physical mail when a campaign is sent.

However, companies do not put as much emphasis on maintaining other qualifying information that might be used to further target, qualify and personalize campaigns. For example, tracking specific user sessions on the company website can be a valuable way to determine prospects interests. By tracking a prospects behavior - monitoring the website pages visited and the topics associated with each webpage, one can better understand the prospects areas of interest. This information can be used to target future campaigns with higher precision, since actual behavioral information is the best indicator of prospects' areas of interest and readiness to buy.

Similarly, company data, such as the number of employees, revenues and industries, can be used generally to customize campaign messages. Large enterprises (e.g., Global 2000 companies) often have very different needs than Small/Medium Enterprises.

Only one in four participants rated 'Job Title / Purchasing Role' as 'Must Have' information. We believe that companies are missing out on opportunities to substantially improve campaign results by using this information. For example, a B2B company offering products for Enterprise IT might focus on long term benefits and cost controls when messaging to VP and CxO level contacts. Directors and day-to-day managers on the other hand may be more interested in usability or technical features. Using title level, or more importantly, job role, can be an effective way to personalize / customize campaign messages to improve results.

**"BY COLLECTING SEGMENTATION DATA ABOUT SPECIFIC PRODUCT INTERESTS (FROM TRADE SHOWS) AND PRODUCT REGISTRATION DATA, WE WERE ABLE TO LAUNCH A NEW PRODUCT AND TRACK A 45% RESPONSE RATE TO AN EMAIL BLAST ANNOUNCING THE PRODUCT. RESPONDENTS REQUESTED PRODUCT INFORMATION, CONTACT WITH A DEALER, AND A SAMPLE."**

-- LINDA CARLISLE, SAWGRASS TECHNOLOGIES

Data	Must Have	Important	Not Useful
Accurate Email address	85%	13%	1%
Correct Name	79%	18%	1%
Correct Company	61%	21%	12%
Accurate Mail address	52%	25%	5%
Accurate Phone	48%	32%	6%
Prospect's stated interests	21%	49%	7%
Industry	33%	34%	16%
Job Title	25%	40%	13%
Correct Salutation	27%	33%	13%
Behavior/implied interests	16%	49%	6%
Web Session Info	12%	39%	11%
Company Data	12%	31%	26%

### DATA QUALITY NOT BEING MAINTAINED

We asked participants to tell us what steps they take to maintain the quality of the contacts within their databases. Data quality management is critical to success because poor data produces poor results. Overall, respondents are doing basic 'low hanging fruit' data management: removing duplicate contacts, fixing spelling and typos, removing bounced emails and invalid domain names. These basic functions are available standard on most email and marketing automation platforms (note - if your email or marketing automation platform of choice does not at least provide these basic data management capabilities, we encourage readers to consider using a different service as these are basic, must-have functions.) **See Figure #6.**

However, we find that all other data management processes are not often implemented. For example less than one in three participants indicated they check external email and physical address Change of Address databases to get updated contact and address information.

On average, 25% or more of B2B data contacts change or 'turn over' each year, so updating contact records with an external Change of Ad-

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dress (Email and physical address), can be beneficial.

Similarly, only one in five participants (Figure #6) performs data normalization or standardization of any kind. Normalization is the process of standardizing field entries. For example, ensuring that 'California' is always represented as 'CA' and not C.A, Calif, CA., and so on. Normalization can be valuable for standardizing address information as well as company names (e.g. standardizing on the naming used in D&B's database) and more. Normalization comes into play when selecting specific selection criteria for a given campaign. For example, assume you want to send a campaign to everyone in the state of California (state='CA'). If data is not normalized and/or is missing, then records with CA., Calif, or that are empty, will not be selected appropriately.

28% of companies will append missing fields in contact records in a batch process mode once or twice a year, while only 18% will append pertinent business information (such as company size, number of employees, title or business role, etc) if they did not initially collect it, and only 1 in 10 companies add geo-targeting information, such as zip code and/or latitude/longitude information.

This information is valuable if companies are, for example, running local

events or trade shows and want to invite or update contacts that are within a certain geographic region.

### PERSONALIZATION

Personalizing campaigns for each recipient has proven to improve response rates for campaigns significantly. Often, simple personalization can increase response rates by 200% or more. Case studies claim that personalization techniques have helped to increase results by a factor of 10x or more, though these are the exception. Nonetheless, personalization should be considered a requirement for all correspondence.

We asked participants whether they personalize the title and/or salutation when sending email (or mail) campaigns (Figure #7). An example would be to use "Dear Steve", vs. "Hi" or "Dear Prospect" as the salutation. Surprisingly, only 38% indicated that they \*always\* personalize the salutation/title, while another 36% said they at least personalize some of the

time. However more than 1 in 4 (26%) of companies surveyed indicated that they \*never\* personalize correspondence.

**"USING EMAIL TO DRIVE TRAFFIC TO A CONTENT OFFER ONLINE WORK WELL FOR OUR CLIENTS. WE RECENTLY SENT A TARGETED EMAIL CAMPAIGN FOR A WHITE-PAPER DOWNLOAD FOR A CLIENT. WE FOCUSED ON GOOD CONTENT THAT WAS TIMELY AND RELATED TO CURRENT EVENTS. WITHIN 4 HOURS WE HAD OVER 400 DOWNLOADS - MORE THAN ALL OTHER CONTENT OFFERS THEY HAD DONE PREVIOUSLY PUT TOGETHER."**

-- ANDY BENKERT, HRMARKETER.COM

FIGURE 6

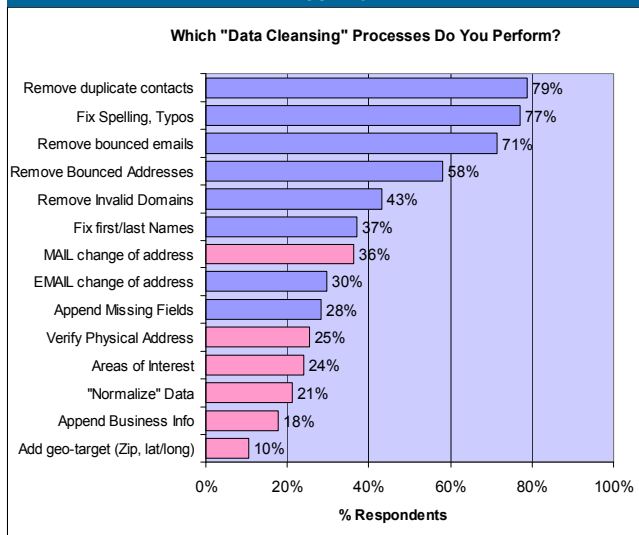
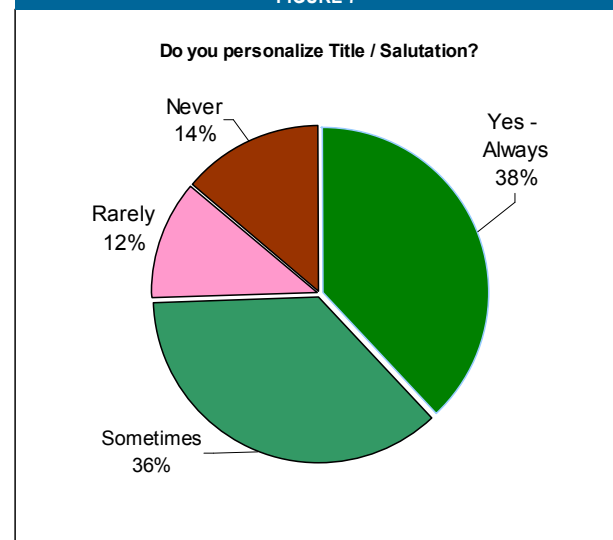


FIGURE 7



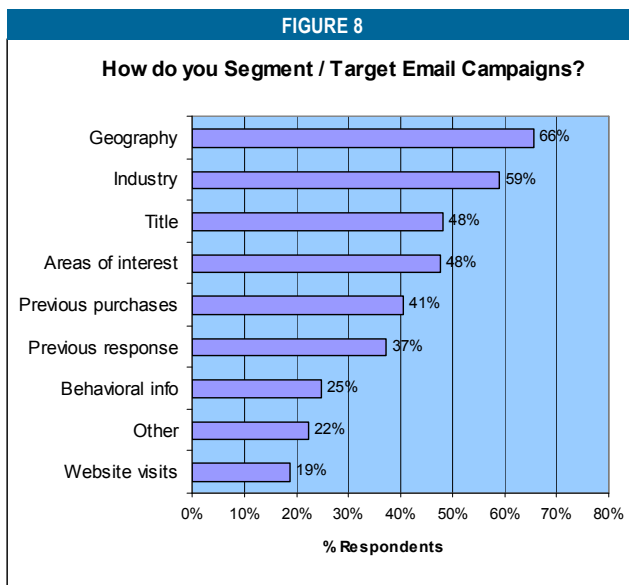
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### CAMPAIGN SEGMENTATION

Using segmentation criteria to tailor / customize the message is another way to dramatically improve response rates for campaigns. Segmentation also reduces 'list fatigue' and unsubscribe rates, since people who receive content that they believe to be relevant and interesting will tend to stay subscribed. On the other hand, when recipients feel that content is not relevant to them, they are more inclined to opt-out, become disinterested and unresponsive, and are more inclined to report emails as being SPAM - even for content that they have registered to receive.

Respondents perform some basic segmentation, like geographic segmentation (for example, segmenting and customizing based on state or country) and industry vertical (customizing a message and/or offering specific to the legal industry). Surprisingly, only 19% indicated they use behavioral information based on website sessions -- perhaps one of the top potential indicators of actual interest, as a means to target and segment campaigns. (Figure #8).



### COMPANIES NOT SEGMENTING / TARGETING

We asked participants to help shed light on the reasons why they are not actively customizing campaigns with personalization and data segmentation. The top reason reported was 'vendor solutions do not currently support these features'. That said, more than 60% of respondents indicated that implementing more granular segmentation customization and targeting is just too time consuming, too complex and too difficult to maintain to justify the extra effort, especially considering that the major-

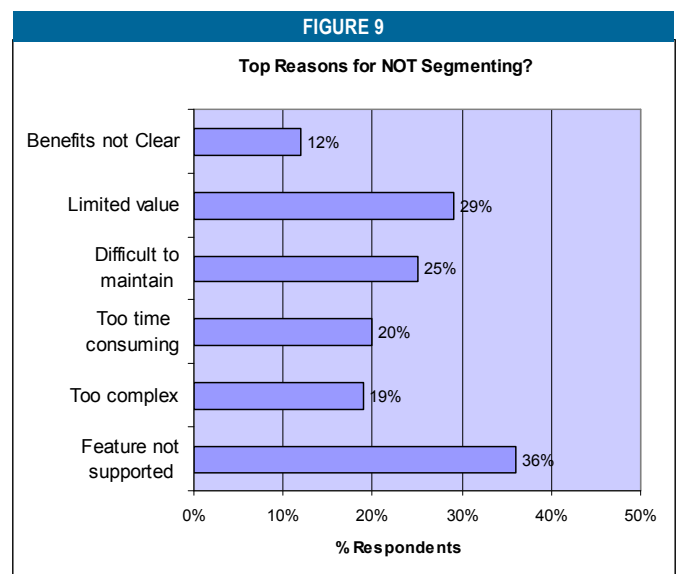
**"WE USE BEHAVIORAL DATA TO TARGET OUR CAMPAIGNS. WE TAKE THE RESULTS FROM PREVIOUS CAMPAIGNS THAT INDICATES THE SPECIFIC INFORMATION EACH PROSPECT VIEWED IN OUR EMAIL NEWSLETTERS, AND SEND THAT INFO TO THE APPROPRIATE REGIONAL SALESPERSON. THIS GIVES THE SALESPERSON VALUABLE INFORMATION ON THE PROSPECT SO THEY CAN 'FINE TUNE' THEIR PRESENTATION TO THE PROSPECTS' NEEDS."**

-- GREG DEWALT, YANCEY BROTHERS CO

ity of target lists are under 10,000 contacts. (Figure #9)

This is consistent with our previous findings. That is, many marketing organizations are understaffed. Marketing teams that lack the tools and resources to manage and analyze detailed segmentation and customization are forced to resort to 'spray n pray' marketing tactics.

We believe this is an opportunity for email and marketing automation companies to fill in a void with solutions that enable marketing professionals to easily segment, target and customize campaigns, while providing simple to understand reporting on results.



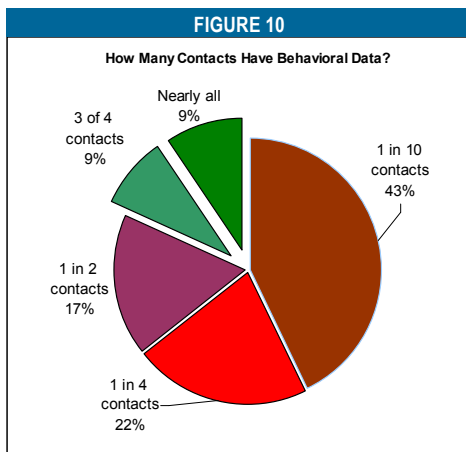
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ResearchCorp  
Q3, 2008

### USE OF BEHAVIORAL DATA

We asked participants to estimate what percentage of their database contains behavioral information. This can consist of specific website sessions (sessions can imply areas of interest), as well as information on what email campaigns each prospect opened and/or responded to. Only 9% of all companies believe they have reasonable behavioral information for most of the contacts in their database. Conversely, nearly half (43%) of companies are tracking website sessions and have behavioral information on 10% or fewer of the contacts in their database. The lack of information makes it difficult to optimize campaign results based on actual areas of interest - sending many marketers into a 'spray and pray' email marketing strategy.



### FINAL CONCLUSIONS

Email marketing still leads as the number one marketing tool used by both B2B and B2C companies to generate leads and nurture prospects over the long term. Unfortunately, understaffed teams don't have the time or tools to implement more detailed campaign targeting, segmentation and message personalization, steps that together have been proven to increase results dramatically. In an economy where teams are being asked to squeeze as much out of a limited budget as possible, marketing teams do not seem to have time to invest in fine tuning results with time-proven techniques.

Companies also state that their data quality is valuable, though very few take the time or invest the resources to update and maintain their data. This process is especially important, since at least 25% of business contacts become obsolete or inaccurate each year. Very few companies are augmenting their databases with useful information, such as contact roles, title levels and relevant company demographic information that could otherwise be used to improve response rates.

### ABOUT RESEARCHCORP

ResearchCorp ([www.ResearchCorp.org](http://www.ResearchCorp.org)) provides marketing research and consulting services in the high-tech and enterprise computing markets using proven research methodology combined with in-depth technical expertise. Our projects result in our clients gaining a clear understanding of the opportunities, priorities, perceptions, motivations, & requirements in markets in which they wish to build their business. For more information see [www.ResearchCorp.org](http://www.ResearchCorp.org).

### ABOUT PINPOINTE

Pinpointe is a provider of on-demand, hosted email marketing automation platform. Pinpointe empowers B2B marketers to target and personalize their communications, based on prospects' behavior, interests and characteristics. Pinpointe helps marketers nurture and deliver more quality opportunities to the sales team and analyze results with reduced marketing effort. Pinpointe's platform is in use by thousands of companies.

As former High Tech B2B marketers, we've been in your shoes. Our team has a passion for helping B2B marketing professionals communicate with existing customers, and target new prospects through behavioural targeting, improved segmentation and message personalization.

### OTHER RESOURCES

If you're a Business to Business marketer and are want to stay on top of the latest marketing trends, tips and best practices, then please sign up for our twice-a-month Tips 'n Tricks notes. Once or twice a month we'll send you a briefing with tips and tricks. We'll also include a link so you can opt-out or update your preferences, any time.

### CONTACTING PINPOINTE

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