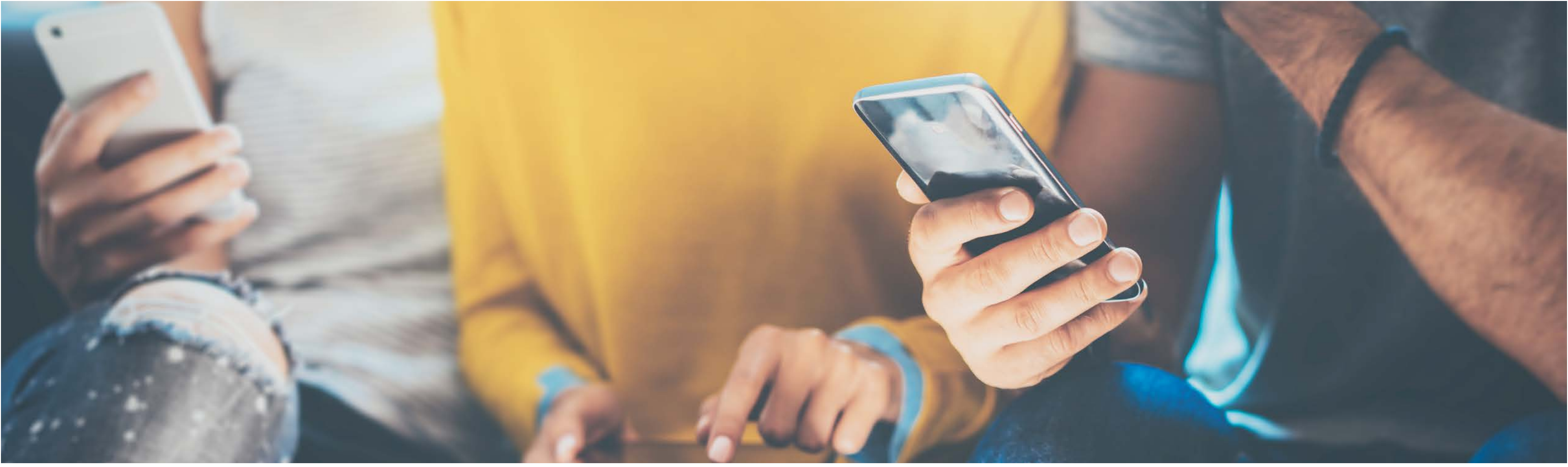
COST PER LEAD ADVERTISING BY THE NUMBERS

10 Steps That Will Transform Your Acquisition Process

Whitepaper by: Steve Rafferty - Founder/CEO ActiveProspect



Running a Cost Per Lead advertising campaign seems simple. Pay a fair price for the leads of people who requested to be contacted, contact your leads, and let the sales roll in. Yet in reality, achieving success is a complicated endeavor. Without a good methodology for processing leads, most lead buyers who attempt to run a Cost Per Lead advertising campaign are doomed for failure.

The challenge is there are many things that can go wrong, and typically do. There is potential for wasted resources (time and money), damage to your brand, regulatory risks, and lawsuits. You may assume your worst case scenario is that you simply don't get any sales from the leads you purchased. However, you might be opening yourself up to consumer complaints, as well as legal trouble. The challenge is creating a process that increases your chances of success while protecting you from the various risks.

Fortunately, if you have a solid process in place, CPL advertising can be a highly effective and scalable channel for new customer acquisition.

THE 10-STEP SOLUTION

Rigorously implementing the following lead qualification practices will ensure success when buying and processing internet leads:

1. Real-time data capture
2. De-duplication
3. Lead Validation
4. Lead Certification
5. Lead Verification
6. Lead Enhancement
7. Confirmation Emails
8. Lead Distribution / Lead Delivery
9. Lead Returns (negative feedback loop)
10. Conversion tracking (positive feedback loop)

These steps are often overlooked or lumped together as general practices, but careful attention must be paid to understanding and implementing each specific step to maximize success with internet leads.

1. CAPTURE LEADS IN REAL-TIME

If you are buying Internet leads, you must receive the lead data in real-time. This cannot be stressed enough. Sales success and cost management are both dependent on a real time capture.

Sales Success

Each lead represents someone who completed a web form online and is waiting to be contacted. A growing body of research shows that the quicker consumers are contacted after submitting an online form, the higher the probability of conversion success.

Cost Management

Giving your lead providers a real-time response indicating if you will accept the lead will save you money. Generally speaking, lead vendors will not charge you for leads if you can tell them in real-time that you don't want them. An immediate response is like a virtual receipt. This allows your vendor to confirm that you received the lead properly and know whether or not you will pay for it. You can't do this if you are receiving your leads via email or FTP. The real-time response must come from the system you are using to accept the lead. This may be your server or a 3rd party lead management system. Needless to say this has a major impact on your media cost. We'll go into detail later about defining and blocking the leads you don't want.

2. DE-DUPLICATION OF LEADS

Why risk paying for the same lead twice? It is possible to receive the same lead multiple times from a single vendor. It is also possible to receive the same lead from multiple vendors.
Or maybe this lead is an existing customer in your database. Whatever the case, you don't have to pay for leads you already own.

The way to avoid paying for the same lead twice is to check the lead in real-time and provide a real- time reject response to the lead vendor. In your response, you should tell them that you are rejecting because it is a duplicate. By doing this in real-time you are giving your lead vendor the opportunity to provide an alternative offer to the consumer.

3. LEAD VALIDATION: REJECT LEADS THAT DON'T MEET YOUR ACCEPTANCE CRITERIA

CPL advertising allows the lead buyer to de ne acceptable leads. As a buyer, you specify required fields and acceptable data values. Obviously, you don't want to pay for a lead with false information so it is important to reject leads with missing required fields or bad data.

For example, phone numbers with less than 10 digits or email addresses that aren't formatted as legitimate addresses should be rejected. Checking phone numbers and zip codes against national databases of legitimate data will ensure the accuracy of this information. Typically, these types of checks are included with lead management systems but can be licensed if you are using a custom built solution.

In addition to validating basic contact information, responses to additional questions should be checked to make sure they match your acceptance criteria. For example, a home security lead buyer may want to only accept leads where the consumer indicates they are a homeowner. Other common types of acceptance criteria are volume caps (limit the number of leads received), day of week (leads collected on specific business days), time of day (leads collected during business hours) or consumer age (18 and up only). Any leads that don't meet your basic criteria should be rejected in real time with a detailed response provided to the lead vendor. Lead vendors typically don't charge for leads when they receive a real-time reject response, but confirm this with your vendors.

4. LEAD CERTIFICATION: VERIFY CONSUMER INTENT AND CONSENT

There is a great deal of fraud with Internet leads. Ideally, you will be buying real-time opt-in leads. However, lead vendors may try to pass off aged leads as real-time, or purchased lists as opt-in data. To ensure you are buying real-time opt-in leads, you must require your vendors provide certified leads.

Lead certification means the authenticity of a lead has been verified by an independent third party. A lead certification service, such as TrustedForm, will also verify where the lead was collected so you can ensure the consumer was signing up for the appropriate offer. Example: if you are buying a mortgage lead, you want to be able to verify that the consumer filled out a form for a mortgage offer and that the proper ad copy and legal disclosures were provided to that consumer.

While it's obviously beneficial to verify what you are buying, there are also lots of other benefits. If your brand is being used to collect the leads, you want to be sure that the methodology being used in consistent with how you want your brand represented.

There are a wide range of legal regulations governing contacting consumers such as the TCPA (Telephone Consumer Protection Act) and the Do Not Call Registry. Responsibility for compliance rests with the lead buyer contacting the lead. Therefore you should maintain an audit trail of express written consent for every lead you contact.

5. LEAD VERIFICATION: VERIFY THE LEAD CONTACT INFORMATION

At this point, you have verified the lead meets your basic acceptance criteria and confirmed it is an opt-in lead. However, it is still possible the lead data isn't real (the consumer can input a fake phone number or email address).

There are a variety of real-time web services available to provide advanced lead veri cation services. For example, it is possible to verify if an email address, phone number, and postal address is real. Some services will verify a phone number belongs to a particular individual. There are also fraud detection services that will determine if the lead was likely submitted by a bot or other fraudulent source. If the lead data is proven to be fictitious, it should be rejected in real-time.

6. LEAD ENHANCEMENT: APPEND AND/OR SCORE THE LEADS

After verifying the lead data is real, you may want to append additional information about the lead or score the lead based on its propensity to become a customer. There are a variety of services available to enhance the value of a lead through additional information. For example, using just an email address there are services that will allow you to append information like age, gender, location, household income, marital status, home ownership, etc. This information can be used to reject a lead if it doesn't meet your criteria, prioritize it in your sales queue, or to route it to different locations.

7. CONFIRM USER INTEREST WITH A REAL-TIME AUTO-RESPONDER EMAIL

After submitting a web form requesting contact, consumers expect a real-time auto-responder email confirming their request. For the auto-responder, you need to track the number of emails delivered and opened. You'll also want to track bounces, unsubscribes and spam complaints. This is a critical part of the lead acquisition process because it provides multiple functions:

- It is another touch point for sales. Include a phone number in the email to give the consumer the opportunity to make an inbound call or a link to purchase a product.
- If the confirmation email bounces, marks as spam or immediately unsubscribes, you should be able to return these leads to your vendor for nancial credit.
- The performance metrics of the auto-responder email are a good indicator for tracking the performance of your lead sources. All metrics should be broken out by lead source.

8. DELIVER LEAD DATA INTO YOUR COMPANY DATABASE

If you are making outbound calls to your leads, immediately send their data into your sales application to initiate calls. The application that captures and stores the lead in this step could be a salesforce automation application, call center application, or CRM application.

Speed to contact is critical. Calls should be made within the first 5 minutes of lead capture. If you aren't making outbound calls, we recommend waiting 24 hours after the auto-responder email is sent before adding the lead in your internal database. This provides the opportunity to return any leads that are rejected as a result of the auto-responder email before adding them to your prospect database.

9. RETURN BAD LEADS

Returns are a critical step that many lead buyers simply fail to implement. No matter how many automated checks you add to your process, at least a few bad leads will still slip through. The only way to find out is to actually contact the consumer.

For example, if a person completes a web form with someone else's information and that information was completely accurate, the lead could make it through all the steps above. Therefore, you must have a return process.

Lead vendors usually try to limit their financial risk by contractually limiting the number of leads a buyer may return. They call this a scrub cap. Vendors have been forced to require scrub caps because most lead buyers don't return leads on a timely basis. Scrub caps are a poor solution to this problem. Would you shop at a store that said you could only return 10% of the product if it is bad? The key to addressing vendor concerns is to agree to return bad leads within a relatively short time frame (7 days after receipt) and with a detailed return reason for each lead. This allows them to manage their risk while still giving you the opportunity to get credit for bad leads. For this to work, you need to automate your returns process.

10. TRACK CONVERSIONS AGAINST MEDIA SPEND TO OPTIMIZE CAMPAIGN

After returning bad leads and getting financial credit from lead vendors, you have a real view of your media spend by vendor. Now you need to compare this media spend to the results of the campaign. Tracking the cost per conversion by lead source provides the information needed to optimize the campaign. Optimizing means eliminating non-performing sources, renegotiating lead prices with underperforming sources and raising prices for the highest performing sources.

Proactively increase lead prices? Many lead buyers might ask why they should increase payouts. It seems counter-intuitive. However, in CPL advertising if you can justify a higher price per lead this will typically allow the source to expand their marketing efforts and generate more volume.

A note of caution: When eliminating a lead source, the source will often try to submit leads through one of your active vendors. There is a lot of brokering of leads happening behind the scenes with lead vendors. To prevent this, track the actual source of the leads. This can only be reliably done through independent lead certi cation (see step 4).

PUTTING IT TOGETHER

With a solid lead acquisition process as outlined above, you can test a variety of lead vendors to find the right mix for your custom rules-based lead flow without wasting money on media. The key to implementing a process flow is technology.

For the vast majority of lead buyers, available pre-built solutions have proven to be more effective and less costly than trying to devise and implement an in-house platform.

The ActiveProspect platform easily implements the model CPL process flow discussed here. But no matter what technology you choose, it is worth investigating third-party solutions in the market before initiating internal development.

To learn more about our solutions and how you can create a custom process flow for your Cost Per Lead advertising channel, send a message to sales@activeprospect.com or call

About the Author

Steve Rafferty is the Founder and CEO of ActiveProspect. After recognizing the need for greater efficiency in the online lead generation industry, Steve formed ActiveProspect in 2004 and developed a specialized suite of products proven to increase the success of online lead acquisition. Steve is personally involved in all aspects of ActiveProspect, from product development to client services.

He enjoys working personally with clients to review and refine their online lead acquisition process and has implemented successful strategies across all industries, from consumer packaged goods to financial services.

In addition to his 15 years of experience in online marketing, Steve worked in manufacturing operations at Johnson & Johnson, as a strategy consultant for Accenture, and several silicon valley start-ups. Steve holds a B.S. in Mechanical Engineering from Tulane University and a M.B.A. from the Harvard Business School.

About ActiveProspect, Inc.

Founded in 2004 and located in Austin, Texas, ActiveProspect is a marketing automation middleware platform that instantly qualifies internet leads. It's called middleware because the platform resides between web forms and lead conversion applications, such as CRM systems.

We help internet marketers automate their unique processes for acquiring qualified sales leads, and for building accurate email subscriber lists. Additionally, the TrustedForm lead certification service provides superior transparency for legal compliance.

Unlike standalone data enhancement services, ActiveProspect enables users to combine unlimited services in a single integration and create complex rules-based lead flows. We work with many big brands, including ADT, Dell, and Meredith.