Marketing Analytics for Lead Management

Maximizing the Value of Leads
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AUDIENCE: Owners of the lead management process in an organization, including vice presidents and directors of marketing, marketing program managers, and directors of sales operations.
To win, Olympic relay teams need to excel on multiple fronts. Runners need a strong start out of the block, finely synchronized teamwork, and seamless exchanges of the baton. And, of course, they need speed.

In business, organizations attempt their own versions of the relay race—the marketing department’s cultivation and hand-off of sales leads. Marketing may spend millions of dollars to generate thousands of leads, but those leads are frequently of poor quality and difficult to track. Teamwork between marketing and sales towards the common goal of increased revenue is often an elusive ideal. And the crucial baton exchange—the transfer of leads from marketing to sales—is frequently slow, clumsy, or fumbled completely.

The use of analytic tools and techniques in marketing campaigns and lead generation is increasingly a key differentiator between a gold medal and a runner up. Leading-edge organizations are investing in a new generation of analytic applications to:

- Track and optimize campaign performance
- Assess cost per lead, revenue, profit, and return on investment (ROI)
- Improve lead quality through segmentation
- Streamline lead generation, sharing, and sales execution

These web-enabled analytic applications provide managers with new visibility into the multiple mechanics and dimensions of marketing campaigns. They are designed expressly to help users track, manage, and understand dozens of competing variables, including campaign profitability, finely grained target segmentation, cross-sell and up-sell, loss and retention, and dozens more.

And by coupling analytic applications for marketing and sales, a company provides a common infrastructure atop which both business units can collaborate to rapidly share lead information, adjust tactics and objectives, and optimize performance across the board.
The New Marketing Challenge: Deliver Quantifiable Results

In a down economy, marketing managers find themselves under unprecedented pressure to do more with less—and deliver greater results. The advent of personalized communications to customers and prospects has forced a tectonic change from product-focused to customer-focused marketing, and plenty of companies are still struggling to answer that challenge. Budget-conscious CXOs are demanding that marketing more closely account for its spending—and its ROI.

At the same time, the marketing environment has grown far more complex. Organizations now attempt to execute multiple campaigns across multiple channels—personalized email, online seminars, telemarketing, print advertising, trade shows, and more. With a glut of information associated with multiple targets, geographies, incentives, and products, it’s become more difficult for managers to assess campaign performance and categorize leads.

Between 40% and 80% of leads generated by the typical marketing organization fall through the cracks. Key culprits include lack of visibility into marketing effectiveness, poor processes for handling new prospects, disparate sales and marketing systems, and limited lead follow up. In fact, a recent survey by the systems integrator Accenture found that 48% of executives polled in the US and UK cited a lack of tools to monitor the marketing process as a problematic campaign challenge.1 This lack of marketing insight results in leads falling through the cracks.

The Evolution of Lead Management

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Closed-loop lead management—tracking leads from point of generation to sales conclusion—is a vision for many companies. But in reality, most companies lack the complete systems and committed practices to implement closed-loop lead management today. To make closed-loop lead management a reality and achieve the benefits of tracking leads from their point of generation through to their ultimate sales conclusion, analytic applications must be a critical ingredient in the formula.

Marketing analytic applications are built to address those challenges. They fortify the generic query and reporting capabilities of conventional business intelligence (BI) tools with marketing-specific functionality and these key characteristics:

**Prebuilt and customizable metrics:** Prominently displayed on a simple, personalized dashboard, best-practice metrics provide a radar screen that helps managers track high-level trends and prioritize key indicators from a flood of information.

**Instantaneous alerting:** Managers are notified with alerts to their desktop, email, phone, or PDA in response to predefined triggers—for instance, response rate to a campaign is beneath 5%, or a campaign has generated X number of A, B, and C leads.

**Robust analytics on marketing dynamics:** Prebuilt and ad hoc query and reporting enables managers to drill into information for insights into dozens of variables, including response rates, ROI, acquisition, prospective customer value, cost vs. response, and many more.

These analytic applications, such as BusinessObjects™ Campaign Analytics, have matured in the past couple of years to enable managers to proactively and precisely zero in on marketing performance by tapping into numerous sources, including customer profile databases, order entry systems, financial records, and sales force automation tools. They’re built specifically for data-driven marketing to help managers determine what works and what doesn’t—and tailor campaigns accordingly.

Because they integrate with disparate systems, these applications can leverage information from across the enterprise to help devise, track, and analyze campaigns in both B2C and B2B arenas. Rich, interactive analytics enable managers to realize insights into performance and lead generation that are not possible with transactional marketing systems. Let’s take a look at some of the key areas they address.
Track and Optimize Campaign Performance

Despite the imperative to measure marketing campaign effectiveness, the complexity of marketing infrastructures poses a significant challenge to companies. Yet marketing managers do recognize the need to improve their monitoring and measuring ability. In fact, measuring marketing effectiveness was the number one priority of senior marketing executives in a study commissioned by IBM in early 2003.²

Tracking and analyzing campaign performance is a crucial first step in generating quality leads on which a sales organization can execute. A good marketing campaign analytic application takes aim at the issue with prebuilt metrics and analytics that make it easy to answer such questions as:

- New customer acquisition rates by campaign
- Response rates by channel, geographies, demographics
- Best-to-worst rankings of multiple campaigns
- Cross-sell/up-sell success ratios
- Frequency, retention, and reactivation rates

Assess Cost per Lead, Revenue, Profit, and ROI

Cost per lead is one the most sought after marketing metrics. It’s high on the list of campaign data points that CXOs demand as they review and approve marketing budgets. Yet because it’s influenced by multiple factors and fluctuates over time, it’s also among the most difficult to quantify, substantiate, and withstand scrutiny. Tracking revenue generated, profitability, and return on investment can be similarly complicated.

A marketing campaign analytic application takes into account all aspects of cost per lead, revenue, profit, and ROI to enable marketing managers to confidently assess costs and gains. Trending analyses show how costs and revenue behave over a multi-week campaign to let you adjust in midstream, as well as fine tune future campaigns. By coupling with sales systems, these applications support a closed-loop process to monitor financials from start to finish. It examines such questions as:

- Response, overall revenue, and per customer revenue by campaign focus
- Campaign cost vs. budget, costs vs. acquisition, cost vs. retention
- Cost effectiveness—profit margins and ROI per campaign

Costs vs. acquisition by focus, channel, demographics
Costs vs. retention by focus, channel, demographics
Costs and revenue trended over the campaign lifecycle

**Improve Lead Quality Through Segmentation**

With lead generation, quantity is good, but quality is better. Sending 5000 leads to the sales department may sound impressive, but if those leads contain little more than a name, phone, and email, it can be counterproductive to the ultimate goal of turning those leads into sales. It’s a pervasive problem—“META Group reports that many Global 3000 organizations report that 70%–90%+ of marketing-generated leads are not acted on because sales finds them unqualified (an often-provided excuse for not making sales projections).”

Analytic applications enable managers to crystallize crucial distinctions among prospects and improve lead quality. Once information is provided, you can segment and rank prospects by job position and unit, purchasing authority and patterns, products used, vertical industry, and more. For its part, BusinessObjects Campaign Analytics uses unique set-based technology to sort through large volumes of information to help:

- Categorize prospects by purchase patterns, profitability, lifetime value
- Forecast cross-sell and up-sell potential
- Segment leads based on quantity/quality of profile information
- Group customer response rates by channel
- Determine characteristics of high/low responders

“Many Global 3000 organizations report that 70%–90%+ of marketing-generated leads are not acted on because sales finds them unqualified (an often-provided excuse for not making sales projections).”

*Liz Roche, Vice President, META Group, Inc.*

*“Lead Management: The Hinge Between Marketing and Sales,” Meta Group, February 2003.*
Streamline Lead Generation, Sharing, and Sales Execution

Closed-loop lead management—tracking leads from point of generation to sales culmination—is on the drawing board for many companies; only a few have actually implemented such next-generation lead management systems. Most organizations, however, recognize the immense promise it holds and are brainstorming over the IT architecture and process change required to make it a reality.

Analytic applications can serve as a critical part of the equation. A common analytic infrastructure accessed by both marketing and sales ensure that both units work from a single version of the truth, eliminating haphazard point-to-point processes. Measuring downstream sales effectiveness provides insights that may be applied to intelligently refine marketing campaigns. Analytic applications for marketing and sales combine to address:

- Accelerated lead cultivation, delivery to sales, and tracking
- Percentage of leads resulting in a sale
- Channel and/or demographics with greatest profitability
- Sales effectiveness based on profile characteristics
- Lead assignment, status, sales calls, and response

BusinessObjects Campaign Analytics: Maximizing the Value of Sales Leads

BusinessObjects Campaign Analytics is an analytic application that enables marketing managers to track, understand, and manage campaigns and lead generation. It provides more than 40 analytic components that answer all of the questions addressed in this paper, as well as key metrics, a personalized dashboard, and alert capabilities.

It is a module of BusinessObjects Customer Intelligence, which also includes Customer Analytics, Sales Analytics, and Contact Center Analytics. Together, BusinessObjects Customer Intelligence modules comprise an integrated suite that enables organizations to build long-lasting, profitable customer relationships through improved sales, marketing, and customer management and interaction. In turn, Customer Intelligence is one application in the broader BusinessObjects Analytics family, covering supply chain, products and service, finance, and human resources.

Underlying BusinessObjects Campaign Analytics and all of the Customer Intelligence modules is Business Objects’ flexible application framework, Application Foundation. Application Foundation enables businesses to quickly extend and customize analytic functionality to improve performance across the enterprise.

Business Objects has helped thousands of organizations turn enterprise data into meaningful information for their service, sales, and marketing departments. For more information on how Business Objects can help your organization maximize lead management and strengthen customer relationships, visit www.businessobjects.com, or call +1 408 953 6000.