

Overcoming the Challenges of B-to-B Marketing: Using Testing and Optimization to Increase Lead Generation and Conversion

EXECUTIVE SUMMARY

B-to-B lead generation is a balancing act that requires marketers to:

- Balance lead quality with lead quantity.
- Manage competing demands for website real estate.
- Reconcile corporate branding guidelines with campaign performance goals.

In this white paper, we outline practical approaches for addressing these three challenges. It is only through online testing and optimization that marketers can begin to understand the trade-offs associated with their decisions. Why? Because testing and optimization is the most practical way to be certain of your customers' preferences.

Get ready to embrace the differences between you and your colleagues, and adopt the maxim, "Let's test it!" Your customers (and your executives) will be glad that you did.

HOW ZIPREALTY INCREASED LEADS BY 11% IN TWO WEEKS

Opportunity How can we generate more leads? That's the question that online real estate brokerage ZipRealty needed to answer. "We wanted to improve our conversion rates, because the more people we can get through the registrations, the more potential clients for our agents," said Jamie Wilson, ZipRealty Director of Product Development.

Testing Approach Wilson's team worked with Offermatica to identify elements in the registration form that might be holding people up in the registration process. They decided to test the length of the registration form, the copy, and the imagery, to see if they could improve completion rates. They did—to the tune of 11 percent.

For more details on how ZipRealty improved its lead generation and conversion rates, visit www.offermatica.com/ziprealty.



ZIP REALTY
Your homes is where our heart is.

There are 42,431 active homes in Chicago, IL

Part 1 of 3
Enter your contact information

We will never share, sell, or transfer your information

First Name: Last Name:
 Home Phone: Work Phone: ext:
 Email: Confirm Email:

IMPORTANT: A confirmation code will be sent to your email.

Part 2 of 3
Choose a ZipRealty login and password

Login Name:
 Password: Confirm Password:

Part 3 of 3
Are you interested in buying or selling property?

Buying & selling
 Buying only
 Selling only

If you are selling a house, please enter the postal code of the property:

INTRODUCTION

Every marketer faces unique challenges, but ultimately, marketers' goals are the same: 1) to improve sales performance by generating customer interest, and 2) to maintain or enhance perception of the Company's brand. Often times, these goals seem at odds with one another, resulting in internal conflict and debate.

Members of B-to-B customer acquisition teams traditionally focus on improving "bottom line" metrics like return on investment (ROI), cost per lead, or cost per sale. Their counterparts on brand marketing teams typically focus on goals that are inherently more difficult to quantify, like brand awareness, brand perception, and brand recall.

With increasing pressure to prove the value of marketing activities, it is crucial to understand the trade-offs between different tactics. By understanding trade-offs, businesses can make informed decisions about where to focus their marketing resources.

CHALLENGES FACING THE B-TO-B MARKETER

B-to-B lead generation is a balancing act that requires a keen understanding of user behavior, extensive knowledge in one's field, and sharp quantitative skills to accurately identify and measure promising opportunities. While the obstacles for direct marketers are numerous, and often complicated by internal politics, three common challenges facing B-to-B marketers include determining:

- **Lead quality versus quantity:** How to balance "high-volume, low-quality" lead activities with "low-volume, high-quality" lead activities.
- **Website real-estate allocation:** How to create the optimal balance in website real estate between different products and/or services.
- **Corporate or campaign approach:** How to respect corporate guidelines, while still taking bold steps to improve campaign performance.

In this white paper, we propose three practical approaches to address the above challenges. While the final decision on how to resolve these challenges rests with your organization, it is critical that you understand the benefits and costs associated with your decision. Testing and optimization allow marketers to deliver the best content and creative to meet business goals. (*See page 3 for more on testing and optimization.*)

Incorporating testing results and optimization campaigns into decision-making allows your target audience to tell you what it prefers. With testing and optimization, you can begin to answer these (and many other) questions:

- Would a significant increase in raw (i.e. unqualified) lead volume help or hurt my organization?
- How do we decide whether website real estate is allocated based upon: sales contribution, "thought leadership" goals, or forecasted revenue expectations?
- How important are our corporate brand elements at driving leads and sales? Is it better to focus messaging on product features or campaign elements?

PRACTICAL WAYS TO ADDRESS THE CHALLENGES FACING A B-TO-B MARKETER

Let's explore, in detail, three practical ways that B-to-B marketers can face and conquer the three aforementioned challenges.

Goal #1: Strike a balance between lead quality and lead quantity
Solution: Find balance by testing lead generation forms

B-to-B direct marketers often describe the lead generation process, using the analogy of a funnel. Lead generation funnels have different shapes. When they're wide at the top but narrow at the bottom, it indicates that a company is casting a wide but unfocused net, pulling in unqualified leads that do not convert well. A funnel that is narrow at the top but remains relatively open at the bottom shows that a company is targeting the right group of prospects, who convert well, but the company may not be reaching enough of them. The ideal funnel is wide at the top and relatively open at the bottom. How can a company ensure that their sales funnel has both a wide reach and a strong conversion?

Imagine, for example, a small-business software vendor that currently achieves about 400 sales per quarter, via a lead generation form. Each quarter the lead generation funnel for the form looks like *Figure 1*.

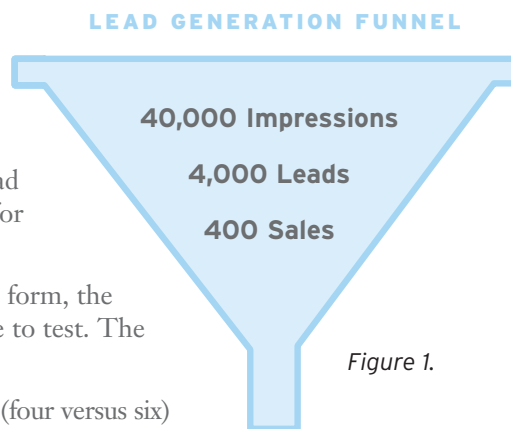


Figure 1.

In an effort to improve the performance of the registration form, the company identified seven elements on the registration page to test. The elements were:

- The number of required fields a prospect must complete (four versus six)
- The presence of a link to the company privacy policy
- The presence of a trust mark (e.g., TRUSTe logo, VeriSign Secured Seal, etc.)

WHAT EXACTLY IS 'TESTING AND OPTIMIZING'?

Testing is a way of asking what customers want and listening to their responses. When we talk about testing and optimization, we mean testing some component of a marketing campaign (e.g., graphics, copy, call to action, etc.) against another so that we can "hear" what version our visitors like best.

For example, a marketer might create two different registration forms and serve the two equally to randomly selected visitors. In "Option A" website visitors are required to fill in six fields to submit the form. In "Option B" users are required to fill in four fields, with two fields marked as optional. Assuming the goal is only to increase leads, "A/B Testing" as it is called, shows the the marketer which approach yields more leads and what quantifiable difference each option makes. (This is "testing.")

If "Option B" yields a 20 percent increase in lead volume, the marketer needs to decide whether the increase in volume offsets the loss of data, resulting from allowing optional fields. Perhaps requiring completion of the two fields had only a marginal effect on lead conversion. In this case, the proper decision would be to use "Option B" as the standard form in the future. Continuing to test and improve the form, using this approach, translates to better performance over time. (This is "optimization.")

Marketers can also test more than one element at a time. Let's say the marketer in the above example wants to test: 1) the number of required fields, 2) the headline graphic, 3) the headline copy, and 4) the presence of site navigation. Using a technique called "multivariate testing" allows the four elements to be tested all at once. As before, the marketer can roll out the best "recipe" of elements, then continue testing for better and better results.

- Dense body copy versus bullet points
- A button with the word “Continue” versus a button with the word “Submit”
- The headline text (promotional versus subdued)
- The banner image (image of a person versus text-only)

For each of the seven elements, two alternatives were tested, resulting in a multivariate test plan. Seven elements with two alternatives each results in 128 (or 2^7) possible combinations or “recipes.” Using Offermatica, marketers can understand how all combinations are expected to perform, while only testing a small portion of the possible combinations. This approach, called the “Taguchi Method” (see sidebar), allows the marketer to get the full understanding of each element’s impact, while only testing eight of the 128 possible recipes.

THE TAGUCHI METHOD

The Taguchi Method was developed in the late 1940s and has been employed with great success to optimize automobile and product manufacturing. Genichi Taguchi devised a methodology for testing multiple variables (i.e., multivariate) in the manufacturing process using a subset of the number of tests required by traditional testing methods. In large-scale production scenarios, testing every possible combination is cost-prohibitive and near impossible.

In addition to reducing the number of sequential tests, the Taguchi Method discriminates between signal and noise and estimates the positive or negative value of each element (factor) in each alternative (level). The Taguchi Method works so well in manufacturing that it is now being applied to traditional advertising, internet Pay Per Click (PPC) advertising, and landing pages.

Using the Offermatica reporting interface, the marketer is able to determine the impact each of the seven elements made on registration completion (i.e., leads generated) and sales from those leads. (It is not uncommon for Offermatica customers to yield a 25 percent or higher improvement on form conversion.) Marketers can even determine the level of significance of the lift created by each element. Once enough conversions are measured to determine a winning combination of elements, the marketer can promote the optimal recipe with one click of a button.

Often times test results reveal that one recipe is most effective at promoting form completion, while another produces the best converting leads. Because the marketer now has the analysis required to make an informed decision, the appropriate selection of a recipe should be the one that produces the most revenue, not the most leads or highest conversion rate (see Figure 2).

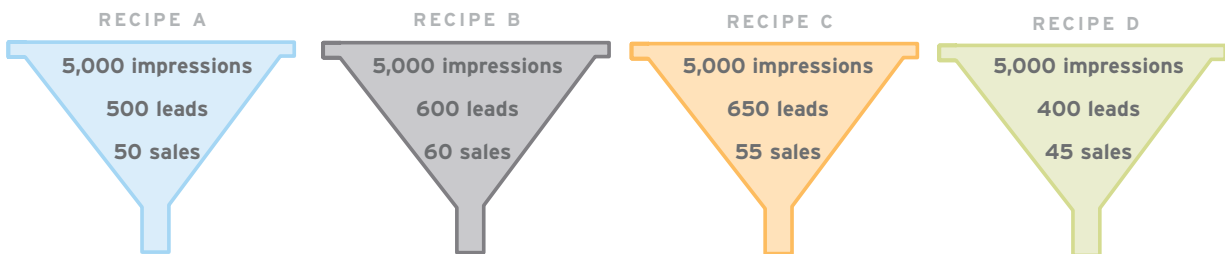


Figure 2. Suppose that the “funnels” above represent four of the eight possible combinations tested. Clearly, recipe C was the most successful approach to generating leads (13% of impressions became leads versus 12% from recipe B). But, recipe B contributed the highest percentage of sales (1.2% of impressions converted into sales versus 1.1% for recipe C). The marketer who optimizes her campaign to drive the highest number of leads would choose recipe C, missing out on the incremental sales derived from using recipe B.

Of course, the optimization process doesn’t have to end at this point. Once a winning recipe is discovered, savvy marketers will continue to test new ideas to improve performance.

Goal #2: Effectively allocate website real estate across many products and services

Solution: Test and use real customer data to make an informed decision

Companies often derive a majority of their profit from a relatively small number of mature, stable products or services. A stakeholder for an unproven product within a company might argue that those products driving the most revenue do so because they are given the lion's share of real estate on the website. Stakeholders for the top-selling product might argue back that they deserve the biggest portion of the website because they drive the most revenue.

Should website real estate be allocated based upon revenue contribution? Only your company management can answer that question. But, to make an informed decision, marketers need to arm themselves with an understanding of the insights available from testing.

For example, a company that provides business and financial management solutions to mid-sized businesses might have a home page that features a "hero shot" of the accounting software (the product that brings in the most revenue). Below that hero shot is a horizontal bar that contains three images of supplemental products: tax reporting software, payroll software, and software packages for small businesses.

If the company wants to test its assumption that the accounting software deserves the prime real estate, they can run a test by turning the slot where the hero shot runs, as well as the three slots below the hero shot, into dynamic content slots and track the results of rotating content. Offermatica accomplishes this with our "Mbox" technology (see sidebar for more details).

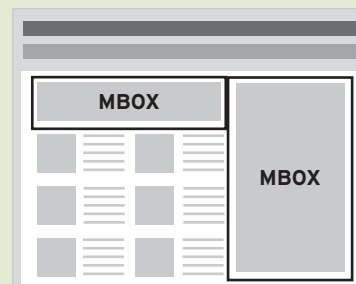
The hero slot, as well as the slots below it, would rotate content. Each visitor would be assigned different content, so that one might see the tax reporting software in the top slot, while the next sees the payroll software at the top and a third is served a page where the small business package software gets top billing.

When a company runs such a test, it may discover that, when real estate is changed to give more space to some of the so-called "smaller" products, those products actually drive the majority of profit. Or, they may find that, even when given top-billing, the new products fail to deliver more revenue.

Using this approach to testing real estate value also works well to help companies discover when it makes sense to be market-driven (i.e. following the money) and when driving the market is more appropriate (i.e. presenting new information to shape the perception of your audience). If our imaginary business management solution company launches a new product, for example, it can explore when and for how long it makes sense to feature the new product in the top slot.

WHAT IS AN MBOX?

An Mbox is Offermatica's proprietary technology that enables certain areas of a website to show dynamic content. By identifying "content slots" on a webpage where copy, images, or even applications can be changed (see screenshot below), a web marketer is able to bypass the old, unwieldy form of testing, which created two or more totally separate pages. Now, marketers can test an endless variety of elements on their website, changing any content in the Mbox.



HOW DO I FIND THE BEST LAYOUT?

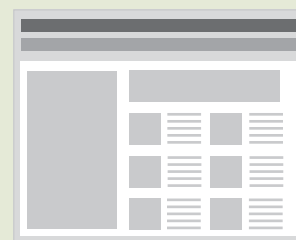
Offermatica customers use the platform to determine the best layout of the page. Below are three examples of different layouts to test:



LAYOUT 1



LAYOUT 2



LAYOUT 3

Goal #3: Find the right balance of corporate versus campaign positioning

Solution: Ask your customers for their input and listen!

Striking a balance between brand positioning and campaign results is of the utmost importance to the marketer whose performance is evaluated, based on number of leads, quality of leads, or other metrics-driven measurements.

Doing this is not always easy, because brand marketers fear that the emphasis on closing the deal in a session or campaign may detract from brand perception, while the ROI-focused direct marketer may bristle at strict brand guidelines that limit testing freedom. In an effort to boost results, the direct marketer may want to try removing the navigation bar from a landing page, or adjust the placement of the company logo, or lead with the campaign call-to-action versus the company tagline. The brand marketer, on the other hand, may fear that these changes will lead to the gradual erosion of brand equity due to disparate messages and non-standard visual treatments.

Is it impossible to reconcile the two? No. But, the key to reconciliation depends on your understanding of the balance between corporate positioning and campaign relevance. Only with this understanding can a rational, productive conversation take place.

For example, imagine a company that offers faxing, voicemail, and conference calling to businesses. The direct marketers want to test a lead generation campaign which offers a 30-day free trial for conference calling. The landing page is to include a large starburst that says, “Get my 30-day free trial now!”

The direct marketers also want to limit navigation: no links to the home page, to the other product pages, to the privacy policy, or to the “About Us” page. The starburst and a registration form should be the only elements on the landing page.

The brand marketers, however, feel strongly that the navigation on the landing page should mirror the navigation on the home page for the sake of consistency and to ensure that the visitor has a positive experience with the brand. The branding team fears that visitors “forced” into a lead generation funnel may have a negative experience.

Marketers can easily resolve differences of opinion by running tests. Designate areas on the landing page as Mboxes. You might test no navigation versus full navigation, a bold call to action (Get my 30-day free trial now!) versus a more muted call to action, or standard corporate visuals with something more dynamic. If removing navigation doesn't achieve a lift in conversions, then it probably doesn't need to be done. However, if it results in a 50 percent improvement on sales, then it makes sense to consider a change: is it really worth foregoing the 50 percent lift in order to retain the corporate navigation bar?

CONCLUSION: GO FORTH AND TEST

You've got a job to do. Your colleagues in brand marketing and IT have jobs to do. Sometimes your goals don't match up with everyone in the room. Sometimes people get caught up in heated debate (healthy and otherwise). How can you deal with these differing opinions? Embrace your differences and adopt the maxim, "Let's test it." Only testing can give marketers the certainty of knowing what their customers want. And, at the end of the day, aren't your customers the most important people to your business?



ABOUT OFFERMATICA

Offermatica is the leading provider of software to test, measure, and optimize online marketing and advertising campaigns. The company's software enables marketers and advertisers to quickly test online content to increase sales and leads, reduce customer acquisition costs, and improve customer interactions.

Companies including CNET, Bluefly, and VeriSign have dramatically increased the ROI from their websites, online ads, email campaigns, and search listings with Offermatica's on-demand testing and optimization services. For more information, visit www.offermatica.com.