

LEAD NURTURING STRATEGY WHITE PAPER

November 2013

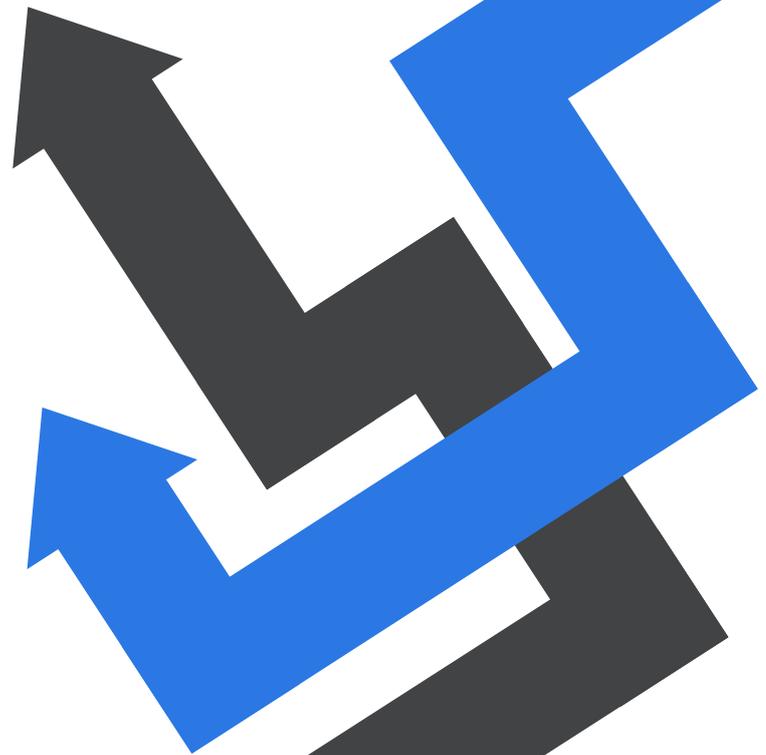




TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	03
2. INTRODUCTION	04
3. WHAT IS LEAD NURTURING?	05
4. OUTLINING AN EFFICIENT LEAD NURTURING STRATEGY	06
4.1. BUYER PERSONA	07
4.2. LEAD SEGMENTATION	08
4.3. LEAD LIFECYCLE	09
5. GETTING STARTED AND MEASURING RESULTS	10
6. STREAMLINING LEAD NURTURING PROCESS	11
7. GOING BEYOND THE PURCHASE	12
8. CONCLUSION	13
9. ABOUT PAYPRO GLOBAL	14



1. Executive summary

The Web is evolving and so does the buying behavior. Software vendors spend significant amounts of time and resources to attract prospects only to see them slip through the cracks of the conversion funnel. The buying and sales cycles are changing and often they are no longer synchronized. They become harder and harder to plan and control. Buyers are more informed than ever, they have wealth of information available at their fingertips, they reach their peers for a piece of advice and perform extensive research on the product before making a contact with the seller. In other words, when prospects first appear, it does not necessarily mean they are ready to make a purchase, they are clarifying buying points. This means that not all prospects and leads are sales ready. In fact only 50% of a company's qualified leads are ready to buy (Gleanster research). According to Sirius Decisions, the average sales cycle has become 22% longer and buyers are taking more time to consider their decisions.

This white paper describes outdated customer acquisition techniques the software companies are stuck in, as well as shows the benefits of establishing a bold lead nurturing strategy to maximize marketing efficiency and grow overall revenue.

At its core, a lead nurturing strategy enables software companies to capture a part of the otherwise lost customers that can make a significant impact on the overall company results in a medium and long-term perspective. Revenue is the ultimate goal, but which lead nurturing strategy is right for your business? This whitepaper will help you identify a mix of basic and advanced lead nurturing campaigns to help you tailor a comprehensive revenue-generating strategy that will perfectly fit your business model. Moreover, this white paper goes beyond the stepping stone of closing a sale, it will give you an insight on how to nurture sales into brand advocates that will make a big difference for your company's overall market presence.



2. Introduction

In today's digital e-commerce environment, purchasing power has shifted towards a demanding customer, who expects all digital products to be available for instant purchase on his own terms. The modern buyer is more in control than ever. He demands a wealth of information that is personal, relevant and timely.

Software enterprises are stuck in the loop of handling big data in an old-fashioned style. They aggressively attack their prospects with special offers and discounts, with no significant results, eventually discarding those hard-earned leads. According to research firm Marketing Sherpa, 79% of marketing leads never convert into sales and but 80% of dead-end prospects will ultimately complete a purchase within the next 24 months either from you or from one of your competitors.

Companies overlook the process of building close relationships with prospects, that helps improve overall value perception of the product, which is the foundation of a purchasing decision. The key to this being the lead nurturing.



3. What is Lead Nurturing?

Lead Nurturing is a process of developing a relationship with prospects from the moment they show signs of interest in a seller's product. In e-commerce, the first point of contact is the company's website. The interest of the prospect is fueled by high expectations of content and reaction speed.

The purchasing process is augmented by the pursuit of useful information through various channels, be it search engines or social media, which is becoming an important source of information for products and services in B2B and B2C environments alike. Software companies spend vast amount of money to attract traffic to their website through paid channels such as pay-per-click and banner advertising, affiliate channels and SEO campaigns.

Timing is the key factor: prospects generally express a sign of intent shortly before the purchase, the rest of the time is spent for research. This is why it is essential to capture leads at a very early stage to start building and nurturing this relationship between the company and the prospect that will eventually result in a sale. Enterprises also need to understand when it is the right moment to act accordingly. Otherwise all the efforts and resources spent to acquire those leads will be in vain.

The truth is 61% of B2B marketers send all leads directly to Sales; however, only 27% of those leads will be sales qualified. (Source: MarketingSherpa) The rest of the leads are just discarded.

"Successful companies cannot afford to invest in generating qualified leads only to then let them slip through the cracks when they do not show signs of wanting to buy immediately."

Ian Michiels, Senior Analyst, Aberdeen Group

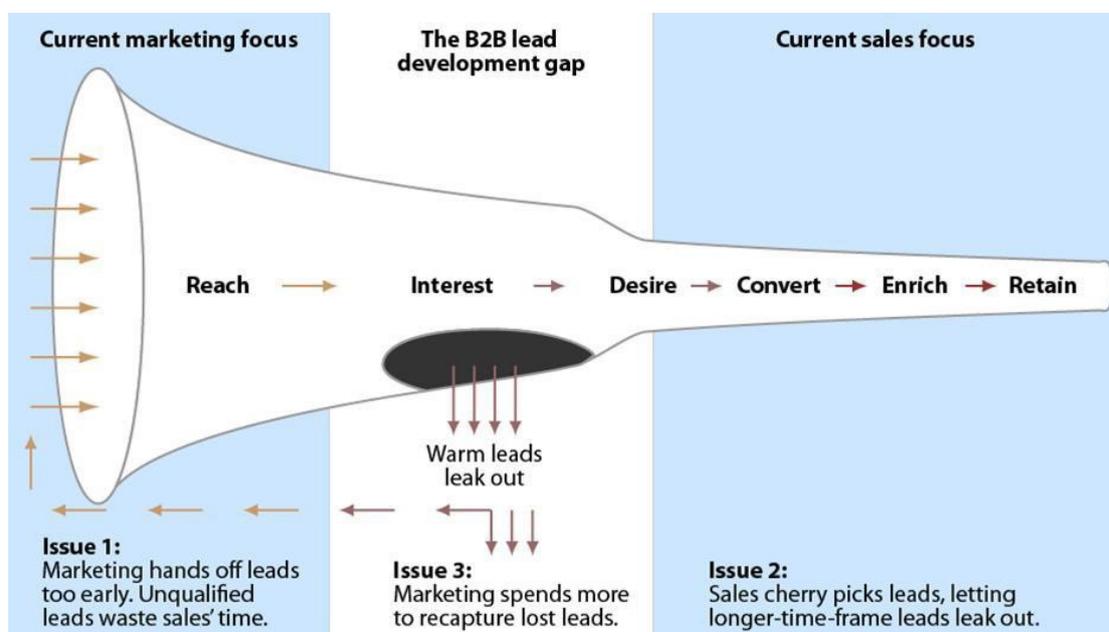


Image source: Forrester Research

Why do companies struggle to convert leads into sales?

- Data is not integrated
- Not maximizing use of technology
- A predictable, repeatable process for moving prospects into customers is missing



4. Outlining an efficient Lead Nurturing Strategy

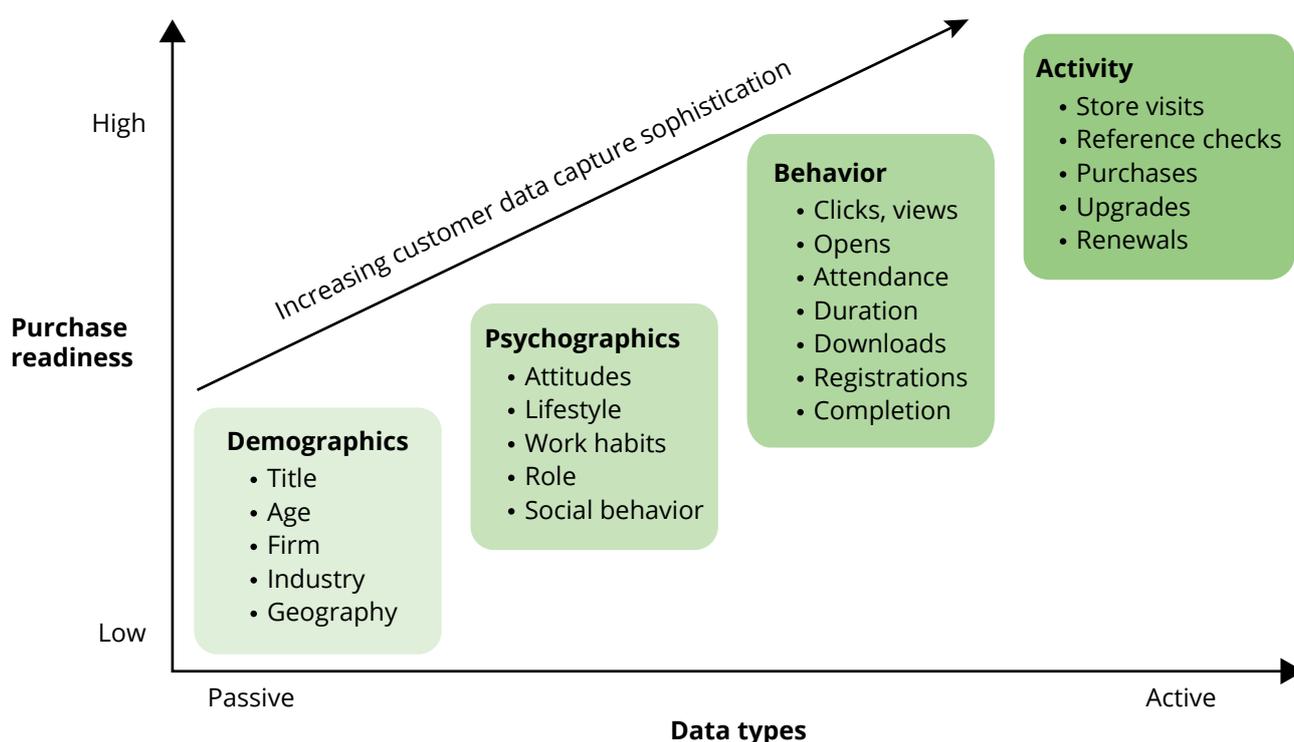
Due to evolving buying behavior, software vendors need to re-learn who their customers are, what they buy and most important: when. Today's prospects also spend more time on product research and they appear on the horizon of a company long before they are ready to make a purchase. Therefore, the use of tools to track user behavior is essential to outline an effective strategy to start building personal relationships with each prospect. This can be achieved by separating prospects into specific categories based on the data related to prospect's demographic, source, behavior, their interests and preferences. Based on this data, a company can start developing separate prospect personas with whom a company can start building personalized, relevant and timely communication.

For higher effectiveness of this process, a close collaboration between a company's sales and marketing departments is essential. Where Sales has a very clear idea of what constitutes an ideal lead and marketing serves as nurturer of unripe leads: where they are kept warm with relevant and personalized content.



4.1 Buyer persona

To build an effective prospect persona in order to supply personalized content, it is essential to build a leads database with a wealth of information about each prospect. By definition, a lead nurturing program is destined for prospects that are already present in a company's database. The information is gathered by offering a prospect an incentive for giving out personal information, such as a discount, free trial, a product demo, an event invitation etc. When more details about an existing prospect are needed, additional incentives are offered and just that particular piece of missing information is asked. This is called progressive profiling. Using this information and segmenting the leads into different categories, buyer personas can be developed for targeted personalized stay in touch campaigns.



Source: January 2009 "How To Avoid B2B Marketing Obsolescence" Forrester report.

According to research firm MarketingSherpa:

- 82% of prospects say content targeted to their specific industry is more valuable
- 67% say content targeted to their job function is more valuable
- 49% say the same for content targeted to their company size
- 29% prefer content targeted to their geography

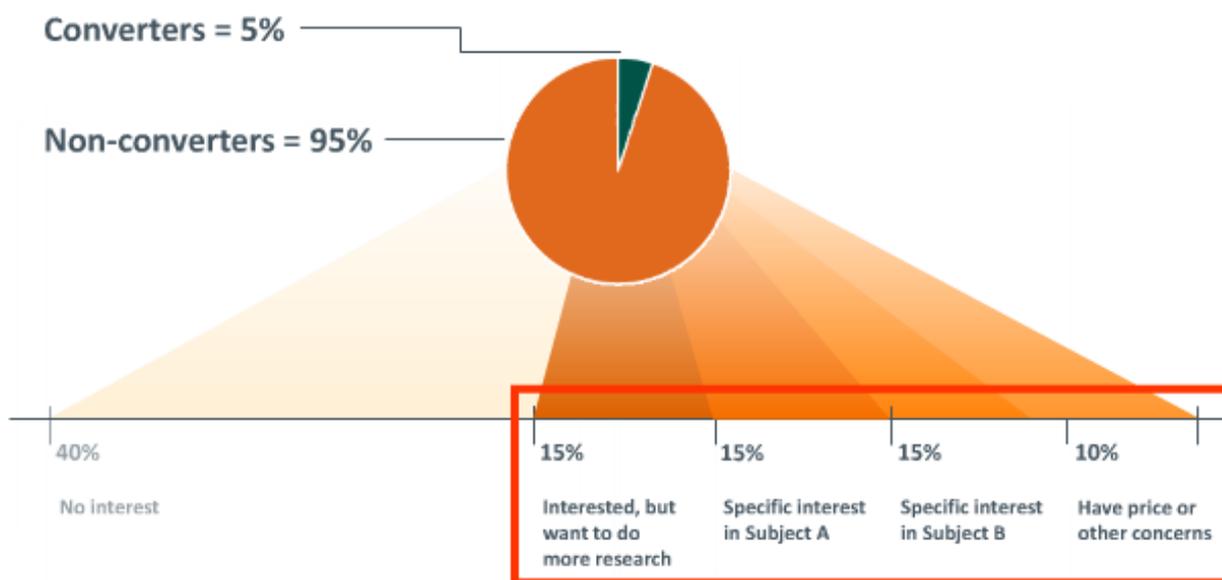


4.2 Lead Segmentation

The first point of contact of a prospect with a company is a website. In fact, across e-commerce industry only 5% of website visitors convert into sales. According to web analytics firm Webtrends, the other 95% percent can be segmented into different categories:

- 40% are not interested,
- 15% are interested, but want to do more research
- 15% Have a specific interest in Product A
- 15% have a specific interest in Product B
- 10% have price or other concerns

This means 55% of visitors can be collected as leads and segmented into categories that would be then included in various lead nurturing campaigns.



Source: WebTrends



4.3. Lead Lifecycle

Another important aspect in building tailored content for an effective and personalized stay in touch campaign is understanding the buyer's stage in the purchasing process. A lead lifecycle represents a prospect's progress of turning into a customer. It is vital to address each stage of the lifecycle in an appropriate way to facilitate lead's progress through every stage of the purchasing process.

Lead Lifecycle

Lifecycle stage	Website visit	Product Evaluation	Product Purchase
Marketing Goal	Attract	Engage	Convert
Nurturing Campaign Objective	<ul style="list-style-type: none">▶ Convert visitor to e-mail subscriber▶ Send welcome e-mail▶ Identify product needs and interests	<ul style="list-style-type: none">▶ Provide information to aid purchasing decision▶ Offer product demo/trial	<ul style="list-style-type: none">▶ Promote related products/services▶ Provide testimonials from satisfied customers▶ Reinforce the value they will receive from becoming a customer



5. Getting started and measuring results

After identifying the key points and establishing the database, it is essential for marketing and sales departments of the organization to agree on the type of messaging they need to deliver to the prospect before the sales team can engage them. The sales department always delivers “the final blow” in the lead nurturing process, this is why it is important to deliver the right kind of tailored messages to each segment of lead nurturing chain.

Lead Nurturing gives software companies the abilities to track and measure the effectiveness of

- **Engagement:** Email open and clickthrough rates
- **Lead acceleration:** How long does it take to move a lead between nurturing campaign stages, and how long does it take to move nurtured leads into the sales cycle?
- **Outcome metrics:** How many nurtured leads that enter the sales pipeline turn into closed deals? What is the average revenue associated with those deals and how long do they take to close?

Companies that excel at lead nurturing generate 50% more sales ready leads at 33% lower cost. (Source: Forrester Research)

It is essential to constantly manage and update the leads database, moving the leads between the nurturing campaign stages and transferring them to sales.

According to Forrester Research 46% of marketers with mature lead management processes have sales teams that follow up on more than 75% of marketing-generated leads.

Remarketing

A part of sales-ready leads escape the pipeline. They might have all the indicators of a hot sales ready lead and then suddenly escape the conversion funnel. For e-commerce industry as a whole, this represents a daily problem. The reasons for these abandonments can vary from security and price concerns to mere distractions. A separate lead nurturing campaign for such cases is the perfect solution to recover the lost opportunities. Best practices show that a campaign consisting of a series of 3-4 follow-up e-mails, sent at scheduled intervals delivers the highest ROI for this type of escaped leads. The content of these follow-up e-mail messages serves as key factor in the delivery of the highest results possible. E-commerce vendors use various types of messaging to address as many abandonments reasons as possible to reduce friction caused by customer anxiety related to security and cost. They apply a progressive incentive scheme, such as discounts or free items, which serve as a stimulant for the customer to complete the purchase. A remarketing campaign should be separate from the company’s overall lead nurturing program, as it serves a different segment of leads, addresses a different kind of problem, yet serves as an aid to the lead nurturing strategy. An integrated automated lead management solution of an e-commerce platform brings significant results in remarketing campaigns for software vendors.



6. Streamlining lead nurturing process

The process of managing and updating leads databases require significant amounts of effort from marketing teams. An automated CRM solution would greatly facilitate the process of creating and updating campaigns for different leads on various stages of the process and ultimately bring more positive results.

Companies that automate lead management see a 10% or greater increase in revenue in 6-9 months. (Source: Gartner Research)



7. Going beyond the purchase

A purchase seems to be the ultimate goal of every software enterprise. Although another very important concept is overlooked. This concept is the continuation of Lead Nurturing - Customer Nurturing.

Many software enterprises overlook the concept of customer retention, and spend all their efforts on chasing new sales and miss out on a multitude of opportunities that post-purchase marketing brings. The customer lifecycle looks very similar to a prospect lifecycle and the two can be combined resulting in the following picture:

Lead Lifecycle			Customer Lifecycle		
Website Visit	Product evaluation	Product purchase	Product usage	Repurchase/ Renewal	Brand Loyalty
Business Getting			Business Keeping		

When a sale is closed, a new opportunity arises to develop a different stay in touch campaign optimized for customers. This kind of campaign can include a welcome note, tips and tricks on using the product, company news and events, as well as loyalty programs. These campaigns are designed to introduce the new customer to the product and nurture a stronger bond between the user and the brand.

The ultimate goal of this process is to retain a customer, as well as create additional up-sell and cross-sell opportunities. Another important benefit of such campaigns is that they help develop the customer into a brand advocate. Brand advocates represent one of the most efficient forms of marketing. They spread positive information about a company across multiple channels online and offline. This ultimately makes a significant impact on value perception of the product and ultimately sales.

Besides the customer nurturing campaigns the two key elements in recruiting brand advocates is product experience and customer care quality. Many software enterprises rely on their e-commerce provider's customer support for communication with their customers. Customer support responsiveness and quality of feedback should be among the most important decision factors when selecting the e-commerce provider for managing their product sales fulfillment.



8. Conclusion

Lead Nurturing is a process often overlooked by software companies. However, it is essential to maximizing marketing ROI and ultimately increasing revenue.

New products, new web technologies and new communication channels are transforming the modern buyer as we speak. He is more demanding and more informed than ever. He requires a different kind of approach, the one that is tailored exactly for his individual preferences.

Lead Nurturing is a complicated process that requires automation technologies to increase its efficiency. But implementing a comprehensive step-by-step strategy will help reduce costs and generate more sales ready leads.

Buyer understanding plays a key role in developing the right set of targeted, personalized and timely communication mechanisms that will develop a prospect into a customer and a higher pace, reduce shopping cart abandonment and ultimately open new opportunities to the company. It is time for software and SaaS companies to act accordingly and recover the money leakage they have been ignoring for so long.

Moreover, companies overlook the opportunities right before their eyes that their present customers hold. Stuck in the loop of chasing new sales, they don't see the up-selling and cross-selling opportunities that are hidden behind the active accounts of their products.

Bottom line is if your business doesn't have a Lead Nurturing Strategy, this could mean that otherwise your customers are just falling into your competition's hands at this very moment.



9. About PayPro Global

PayPro Global provides flexible e-commerce solutions that enable software and SaaS companies of all sizes to build and grow their online businesses, reduce costs, minimize risks and enter new markets.

The company's offer includes flexible subscription billing, real-time business reporting, software protection tools, 24/7 customer support, assistance in web design, sales and marketing.

For more information about PayPro Global, please contact marketing@payproglobal.com

Website: www.payproglobal.com



PayPro Global Inc.
Berkeley Square House,
Berkeley Square London W1J 6BD,
United Kingdom

225 The East Mall, Suite 1117
Toronto, ON, M9B OA9
Canada

marketing@payproglobal.com
www.payproglobal.com