

# Determining the Return on Investment for Your Marketing Strategy



# Introduction

Getting a high return on investment on your marketing efforts is one of the key measures of determining whether your efforts were successful. As most marketers do, you want to know whether your marketing dollars created qualified actionable leads that converted to sales and bottom line profits. A key measure of whether you're spending your marketing resources well is through the calculation of your cost per lead.

Digital marketing is currently a popular choice, but research is showing that it is most powerful when used in combination with traditional forms of marketing. A case study conducted by Google and Dove reported that companies using a combined digital and traditional marketing strategy achieved an 11 percent sales increase, compared with a six percent increase for digital methods used alone.

When it comes to determining your marketing plan's return on investment, your organization may struggle to get an accurate picture. Fournaise Marketing Group reports that nine out of ten, or 90 percent, of global marketers are not able to calculate their return on investment, and 80 percent struggle to demonstrate that their spending on ads, content and other marketing efforts are resulting in increased revenue for the company.

One of the challenges facing marketers is the confusion on figuring the return on investment for a marketing plan. Hausman Marketing Letter says that figuring out the return on investment for any company's marketing division is simple, and requires only two items to determine a positive return on investment:

- 1. More potential buyers are visiting your website and/or location**
- 2. More of those visitors are converting to buyers**

# 11% sales increase

**Companies using a combined digital and traditional marketing strategy achieved an 11 percent sales increase, compared with a six percent increase for digital methods used alone.**

This simplified statement can be true if you sell to consumers and your web site operates as a point of sales. But when it comes to companies with a more involved sales cycle, as is the case with most B2B companies, figuring out the ROI is a lot more complex.

This white paper will demonstrate that incorporating telemarketing in a prominent role for a positive return on investment in your marketing plan and not as an afterthought to a primarily digital marketing plan will yield greater bottom line profits. Telemarketing is a solid choice as a stand-alone tool, but it is particularly effective as a partner to digital methods. Many of the drawbacks of both traditional and digital marketing tools are minimized when they are combined for an optimized return on your marketing investment.



# What is telemarketing?

It is two people in conversation to accomplish one or more of the following:

## With Existing Clients

- Relationship building and enhancing
- Customer service including problem resolution and support
- Up Sales / Cross sales plus identifying future business opportunities
- Database update/enhancement and surveying

## Outbound Telemarketing With Existing Clients and New Prospects

- Identifying the best client persona definition including database enhancement
- Relationship building
- Identifying new business opportunities
- Developing qualified actionable leads
- Content marketing distribution
- Brand development and enhancement

First, however, you must decide what counts as a lead and what costs are associated with producing that lead. In this white paper, we will focus on outbound activities to generate qualified actionable leads that turn to real sales.

**Marketers continue to struggle with determining a marketing plan return on investment.**

# Calculating the True Cost of a Lead

Much of the confusion that surrounds obtaining a solid number that describes a company's return on investment is related to the cost per lead. First, what counts as a lead?

JVM, Inc. says, "The problem with calculating your Marketing ROI starts with the definition of a sales lead. This is because over the past few years the term "sales lead" has become so mis-applied and diluted that it has practically lost all its meaning."

If someone tells you that a particular activity will result in increased leads, your first question should be, "what is a lead?" When you are sold a list of names for cold calls, the person selling those names to you will certainly call them leads. Many digital marketing specialists will call a click-through on an email a lead. Someone permitting you to send them a white paper might be called a lead, too.


When you ask your sales team what they call a lead, you will likely get a much narrower definition. This is the reason for the gap between the sales and marketing department's understating of what should be considered a lead and go into their sales funnel. Sales representatives that have been out in the field for a while have spent hours upon hours sifting through what their marketing team has called leads, only to find that few are legitimate and none are qualified.

Marketing teams can easily get distracted counting metrics that do not necessarily translate to increased sales. For instance, a marketing team may count how many page clicks related to a blog post on social media, or they may count how many email addresses that they receive when offering access to an infographic in exchange for an address.

If you ask a sales representative, though, whether these items are sales leads, and they will usually reply in the negative. While page clicks and email addresses are positive events, they do not necessarily translate to sales.

As a result, you as a marketing team need to have a conversation with your sales team about what counts as a lead in order to fully understand whether you're meeting your goals and getting a good return on your marketing investment. Marketing efforts must result in qualified actionable sales leads.

"For the purposes of calculating or comparing your cost-per-lead (CPL), anytime you're talking about a sales lead that is not an actual appointment with a decision-maker (or at least a member of the decision-making team) who has need, ability and desire (i.e. a "qualified lead") you must factor into your calculation the cost (as well as the time-to-



**"Over the past few years the term "sales lead" has become so mis-applied and diluted that it has practically lost all its meaning."**

convert and the conversion percentage,) of converting it to a face to face or phone appointment” according to JVM, Inc. In other words, you need to include the page clicks and obtaining the email addresses as part of your cost per lead, even if they don’t directly translate to leads. If you’re spending a lot of money on obtaining email addresses, but they aren’t converting to sales, you’re significantly increasing your cost per lead.

When you use a face to face or phone appointment as your definition of a qualified sales lead, you may meet some resistance among your marketing team members. They may argue that it’s the salesperson’s responsibility to convert a lead into a sales appointment. While the sales representative is often the one making the call to set up the

appointment, getting the lead to that point is generally the marketing team’s responsibility.

As a result, you need to factor in all the costs that go into creating a qualified sales lead from your digital and traditional marketing efforts. Only this definition of a qualified lead will give you an accurate picture of your return on investment.

In general, as noted by Pinpointe, calculating your cost per lead is simple. You need to divide the total cost of your lead generation program by the number of qualified leads generated. Remember, if your sales representative couldn’t get an appointment (face to face or by phone), it’s not a qualified lead.

## The Cost of Lead Generation for Digital Platforms

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Bring the cost of digital marketing up as a subject for your next roundtable discussion with your marketing team, and you’re likely to get some puzzled looks. Your marketing specialists may come up with a few arguments for why calculating your cost of lead generation is very complicated.

However, it is simple to calculate your cost per lead related to digital marketing. Your cost must include all aspects of the following areas, according to B2B Marketing Zone:

- Creative costs
- Technical costs
- Advertising costs
- Monetary value of your employees’ time

While it may seem difficult to measure the value of your brand recognition and the conversations that happen with potential buyers on social media or in the comments section of your blog posting, it is also quite simple. When you consider that the main value in brand recognition is its ability to grow sales, you see that the conversion of a target into a sale is your best way to measure whether your digital marketing is effective.

Webbiquity includes the following as the items to include in your calculation for cost per lead in a digital marketing environment:

- Social media manager’s salary
- Marketing time
- Frontline staff, like sales and customer service specialists
- Senior managers’ time, and legal advising
- Cost of creating and promoting content (social media costs, etc.)
- Technology and analytics, including apps, tools and reporting

Best method for determining the effectiveness of your digital marketing: ***target conversions.***

# The Cost of Lead Generation for Telemarketing

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You should always calculate the return on investment for every telemarketing campaign. According to Quality Contact Solutions, this is a simple calculation using your revenue divided by the cost of the telemarketing campaign.

Of course, this calculation can be more complicated if you don't already have a standard way of calculating revenue. One way of determining the amount is to measure the new clients that resulted from a telemarketing effort and calculate the revenue from a set period, such as twelve months, from those clients, and then divide it by the cost of your telemarketing.

DMA reports that the return on investment for telemarketing is reliable and encouraging. The average return is 10:1, and some companies report a much better return on investment.

Like digital marketing, telemarketing also has some immeasurable benefit to marketing teams as well as sales teams. The value of human-to-human connection that happens in a personal conversation is difficult to assess, and often works to build buyer loyalty in a B2B environment.

With digital marketing becoming so popular, it may come as a surprise that B2B telemarketing continues to have a strong ROI. It remains a reliable distribution tool for generating leads, despite the attention that social media gets as a marketing channel. While the ROI is a pretty convincing argument for using telemarketing, there are even better reasons for including it in your marketing mix. Telemarketing integrates with other marketing channels very well. Effective marketing has always been multi-channel. Utilizing telemarketing and email together is just one example of the increased ROI you can see by

using multiple channels. Don't stop with email marketing through, telemarketing should be integrated with other digital marketing efforts as well. Used creatively, a telemarketing campaign can move beyond dry 'cold calling'. It can support your content marketing, online activities like webinars and demonstrations and help grow your opt-in database for further marketing contact.

The value of telemarketing is in the development of relationships. When you are working in the B2B marketing environment, a sale rarely occurs through only digital marketing efforts. There is often a lot at stake in terms of financial investment, and a relationship is vital for making that connection to sell the product. This doesn't happen in comments and shares on social media, but rather through face-to-face or phone conversations. In a B2B engagement cycle, you need to determine when, not if, you will interact with your contacts over the phone.

Telemarketing is also a great tool for nurturing leads. In a telephone conversation, it's easy to cultivate a conversation to address reservations and concerns, leading your contact to say, "I'm not ready to purchase right now, but I'll keep you in mind." In the digital world, they may have simply deleted your email or unsubscribed.



**Currently, lead nurturing is a popular way to use telemarketing, with 68 percent of marketers using it to better engage with contacts.**

# The Quality of the Lead Makes a Difference

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Companies are increasingly focused on obtaining leads. In a survey conducted by Insidesales.com, generating more leads and improving lead quality were the top two concerns of marketing teams.

As mentioned above, ask your sales manager what a lead is, and you'll get a different answer than what your marketing division decides is a lead. Sales representatives get weary of chasing a B2B lead provided by the marketing team, only to find that the contact they were given may be in procurement at a big company, but isn't the decision-maker or an influencer. The procurement department may only work to make sure the purchase order goes through, but have no decision-making power over choosing a vendor or product.

It's easy for a marketing team to get hung up on various metrics that may give an indication of whether a particular marketing strategy is resulting in the behaviors they want, but is making no impact on sales dollars. For instance, you may decide to measure whether your blogs receive comments, because a high number of comments may indicate a heightened engagement with your target audience.

To your sales team, though, and the executives that decide on your marketing budget, those comments are most recognized as leads if the posters of the comments eventually convert to a sale.

As Louis Foong of Business 2 Community notes, cheap leads are ultimately expensive. That's because you need to factor the cost of getting that lead to convert, so if you are given a highly-qualified lead that is ready to make an appointment with your sales representative, that's a lead that you won't need to further invest in to convert. If you receive a lead that has never heard of your company, isn't particularly needing your services and isn't even a part of the decision-making team, you're going to pour a lot of resources into that lead to convert it to a higher-quality lead and then a sale.

If the sales team must spend time on pursuing poor quality leads, money is wasted. That time should instead be invested building relationships and selling to highly-qualified leads. Sales teams lose trust in the quality and accuracy of the leads if they are not good and thus they do not follow-up adequately (or at all) on any of the leads which is a complete waste of resources and money. A sales team's quota can be expected to be higher if they are presented with more qualified and actionable leads.

If a sales person is expected to sell \$1,000,000 and he/she is wasting time with poor quality leads taking 10% of their time, they could be expected to generate \$1,100,000 in sales given better leads. How many quality leads can be generated if your net profit is 20% (or \$20,000)?

Better leads, higher the moral and sales team involvement and lead to better communications with the marketing team. This leads to happier sales reps and a better return on investment.

"You'll know you have hit the cost-per-lead 'sweet spot' when you can scale the number of leads without significantly increasing the cost for each lead," says Foong. This means that you're at a perfect place when the cost of generating leads is a good match for the amount of demand for your product or service.

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# Telemarketing Produces Qualified Actionable Leads, not Just a High Quantity of Leads

There are a few key reasons why telemarketing delivers a higher quality lead than simply using digital marketing alone:

- Telemarketing is proactive, while digital marketing is reactive and passive. When you post a new blog entry on your website, you can make it a high-quality piece, hitting a critical topic that concerns your target audience and create a call to action that invites conversation. In the end, though, you are still forced to wait passively for a response from your audience. Including telemarketing allows you to be proactive, seeking out information from your contact and receiving immediate feedback about your company and your content. You can also find out information about problems they are trying to overcome, their budget, their decision process, and where they are in the buying process.
- Telemarketing allows you to build a personal relationship with your potential buyer. A conversation is one-on-one, with opportunities to listen for nuances in a person's voice that might indicate interest or reservation. In this relationship that is being built through a telephone call, loyalty and trust are also being cultivated.
- Telemarketing provides a high-quality lead. Through telemarketing, you can assess whether there are additional decision-makers involved, learn what types of content your contact prefers and whether they have any questions or reservations about doing business with your company. It is a level of contact that cannot be duplicated with digital marketing efforts.

**The more low-cost methods of marketing also resulted in the lowest quality of leads. Telemarketing produced a higher quality lead than digital methods.**

When evaluating cost per lead, it's important to determine whether telemarketing is a good fit. Companies are, in general, seeing an increase in cost per lead, per a report from Ascend2, so it's important to choose your channels carefully for getting your brand out in front of your target audience.

The same study found that approximately 66 percent of marketers rated email marketing as being low cost, along with social media at 62 percent. Telemarketing was rated as being at a higher cost compared to these types of digital marketing.

The statement that digital media produces lower cost leads can be deceiving though. The upfront cost of a lead does not equate the actual "cost of lead to sale". Generating a qualified actionable telemarketing lead may cost twice as much as a digital media lead, but if the sales conversion of telemarketing leads is 15% compared to 5% for digital media leads, the bottom line cost of leads to sale using telemarketing is much lower. Furthermore, it is a known fact that leads generated using personal relationship methods like telemarketing produce clients with greater life time value.

It's important to note, though, that the more low-cost methods of marketing also resulted in the lowest quality of leads. Telemarketing produced a higher quality lead than digital methods.

This study demonstrates why it's important to combine digital marketing with telemarketing to achieve a lower overall cost per lead, but obtaining a higher overall quality of leads.



# Integrating Telemarketing Into Your Overall Lead Generation Strategy for the Best Results

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Insidesales.com lists telemarketing as one of the most effective marketing tools, but less than 40 percent of companies indicate that they are including telemarketing as part of their strategic marketing plan.

This represents a significant opportunity for companies looking for a new way to grow their list of qualified leads and opportunities to get an edge on a competitor. Think about the value you gain when gathering real time competitive analysis data. It is easy to find out what your main competitors are doing to attract the same target audience you care about most. Talking to people opens the door to learn about your competition. Telemarketing is the perfect partner for your digital marketing methods, lending a personal touch to your interactions with your target audience.

Telemarketing also helps you refine your digital marketing strategy, as you gain new information from your contacts about which types of content they prefer, how they prefer to receive it and whether there are additional personnel at their company that would also appreciate receiving your content. You can also get a clear idea about the types of challenges and opportunities that are affecting the industry, giving you insight for future content pieces.

For example, you can schedule an e-mail nurture campaign with monthly content distribution. Integrate the project with proactive outbound telemarketing efforts. You can target a specific number of people with your e-mail campaign and set-up a team of inside sales people to follow-up with people who opened (or clicked though) your e-mail. If you targeted 20,000 people, instead of calling all of those people, which is costly and time consuming, you can focus on targeting the 1-2% who opened your e-mail and call only 200-400 people.

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# Conclusion

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Getting the best possible return on investment for your marketing efforts demands that you define clearly the cost of producing a qualified lead. A qualified lead is one that is activation-ready, and is willing to meet (face to face or by phone) with your sales representative.

Obtaining qualified leads at the best possible cost per lead requires a combination of traditional and digital marketing strategies. While digital marketing may seem cost-effective, these methods produce the lowest-quality leads. Telemarketing produces high-quality leads ready for a sales appointment.

The clear solution is a partnership between digital and traditional marketing, which allows each method to diminish the drawbacks of its partner. Telemarketing is proactive and builds relationships, while digital marketing casts a wide net and broadcasts brand messaging to your entire target audience. Combined, they create a strategic way to both spread your brand story and connect with your audience on a personal level.

Please take a few minutes to enter numbers into our (free) telemarketing ROI calculator, or contact us to go through the process with one of our experts. Let us demonstrate why telemarketing should be integrated into a comprehensive marketing strategy.

## About Blue Valley Telemarketing

Consider Blue Valley Telemarketing for your next Lead Generation campaign. We excel at developing and executing content syndication (distribution) campaigns for clients who see a robust return on their investment time and again. Blue Valley offers telemarketing as a valuable component to companies' integrated marketing plans, providing a personalized human touch to the connection with the target audience. Contact Blue Valley today for more information about content marketing distribution campaigns.

**For more information [DOWNLOAD our white paper](#) “*Now That Content Marketing Reigns – What’s Next in Your Marketing Investment?*”**

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