



Market Data / Supplier Selection /
Event Presentations / User Experience
Benchmarking / Best Practice /
Template Files / Trends & Innovation



Online Lead Generation Trends Briefing

February 2009

Online Lead Generation Trends Briefing

February 2009



Published February 2009

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording or any information storage and retrieval system, without prior permission in writing from the publisher.

Copyright © Econsultancy.com Ltd 2009

Econsultancy
Lemon Studios
2nd Floor
85 Clerkenwell Road
London EC1R 5AR

<http://econsultancy.com>
help@Econsultancy.com

Telephone:
+44 (0) 20 7681 4052

Contents

1.	Introduction	1
2.	About Econsultancy	2
2.1	Training courses	2
2.2	Contact	2
3.	Market Trends	3
3.1	Market valuation	3
3.1.1	Market growth factors	3
3.2	Marketplace developments.....	4
4.1	Emphasis on lead generation is growing	4
4.2	Marketers face challenges.....	4
4.3	Companies focus on tracking and technology.....	5
5.	Best Practice	6
5.1	Quality, not quantity, is key to successful campaigns.....	6
5.2	Be innovative in your approach to lead generation	7
6.	Data and Statistics.....	8
6.	Resources and White Papers.....	9



1. Introduction

This is Econsultancy's first 2009 trends briefing about Online Lead Generation, which contains information about best practice and market trends in this area.

Online lead generation is about using the web as a means of getting contact information for qualified prospects. This takes place before a conversion or sale of a product or service has occurred. The conversion, if it happens, may occur online or offline.

The information within this briefing is collated from a range of sources including:

- Econsultancy conferences, supplier showcases and roundtables
- Third party events
- Research carried out by Econsultancy and other organisations

The purpose of Econsultancy's trend briefings (which are free to download) is to provide information relating to the latest trends, best practice, challenges and opportunities across a wide range of digital marketing and e-commerce topics.

Further Econsultancy Reading

Econsultancy / Clash-Media Online Lead Generation (B2C) Report 2008

<http://econsultancy.com/reports/online-lead-generation-b2c-report-2008>

Online Customer Engagement Report 2009

<http://econsultancy.com/reports/online-customer-engagement-report-2009>

Affiliate Marketing Networks Buyer's Guide 2008

<http://econsultancy.com/reports/affiliate-marketing-networks-buyer-s-guide-2008>

Vertical Search Report 2008

<http://econsultancy.com/reports/vertical-search-report-2008>

Internet Statistics Compendium

<http://econsultancy.com/reports/internet-statistics-compendium-december-2008>



2. About Econsultancy

Econsultancy is a leading source of independent advice and insight on digital marketing and e-commerce.

Our reports, events, online resources and training programmes help a community of more than 75,000 registered marketers make better decisions, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy is an [award-winning online publisher of reports](#) covering best practice, user experience benchmarking, market data and supplier selection aimed at internet professionals that want practical advice on all aspects of ebusiness.

In addition, we host more than 100 events a year, such as The Online Marketing Masterclass, regular Supplier Showcases and Roundtables, an annual Future of Digital Marketing event, Digital Cream and a range of social events.

The [Econsultancy](#) site now attracts 175,000 unique users per month where they access research, read the blog and take part in discussions in the forums. And as a portal to the digital marketing community, Econsultancy members can also link up with other members and digital suppliers through our directories, as well as find a new job or new digital talent using the job listings.

Some of Econsultancy's client-side members include: Google, Yahoo, MSN, MySpace, BBC, BT, Shell, Vodafone, Yell.com, Dell, Oxfam, Virgin Atlantic, TUI, Barclays, Carphone Warehouse, IPC Media, Deloitte, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7681 4052 or [contact us online](#).

2.1 Training courses

Econsultancy also operates a highly popular [training](#) division, used by some of the world's most prominent brands for staff education, both in-house and via public courses. We provide training across all areas of digital marketing and at all levels from one day courses to diplomas to Masters in Digital Marketing.

Information about our training courses is available here:

<http://econsultancy.com/training/courses>

Call us to find out more on +44 (0)20 7681 4052 or [contact us online](#).

2.2 Contact

If you would like to know more about corporate membership and our roundtables or events then please contact us on +44 207 681 4053 or Peter.Abraham@econsultancy.com.

If you have any comments or queries about this briefing then please contact our Research Director, Linus Gregoriadis, at Linus.Gregoriadis@econsultancy.com

<http://econsultancy.com>



3. Market Trends

3.1 Market valuation

- Independent technology research recently showed that although the European market is smaller than that found in the USA, it is growing at an almost identical rate, which currently sits at around 35% year on year.¹
- It has been estimated that lead generation in the UK has a penetration rate somewhere around 5% of total UK online advertising spend.¹
- Financial analysts expect the global lead generation market to be worth over \$1bn.

3.1.1 Market growth factors

- Lead generation continues to be a strong growth area as organisations look to the internet as a means of getting contact information for qualified leads.
- Online lead generation can provide highly targeted, relevant leads, which produce higher conversion rates compared to most methods of direct marketing.
 - Online lead generation is inherently measurable, and can deliver tangible return on investment.
- The impact of the global credit crunch means that both agencies and advertisers alike need to consider more effective marketing methods and new revenue sources, to increase efficiency.
 - This will drive further growth in the online lead generation sector, as the technology enables greater communication with prospects at a reduced cost.
- The effectiveness of online lead generation lies in the ability to gain tangible, measurable return for advertising spend.
- Online lead generation technology can allow advertisers to gain full control over delivery, quantity and the types of leads received.

The Econsultancy/Clash-Media [Online Lead Generation \(B2C\) Report 2008](#) revealed that:

- A vast majority of industry professionals believed that online lead generation is a **growth area** (94%), significantly up from 82% in 2007. This figure rises to 97% for both European (non-UK) and North American respondents.
- Almost three quarters of respondents (74%) said that they see online lead generation as its own **distinct area** of online marketing, a significant rise compared to 2007 when the equivalent figure was 64%.
 - North American respondents are most likely to see this type of marketing activity as a distinct area.
- The vast majority of both company respondents (82%) and agency respondents (85%) are expecting online lead generation to be more important to their own or their clients' organisations over the next 12 months.

¹ GP Bullhound

3.2 Marketplace developments

- In October 2008, consumer data provider DLG has partnered with the online sales house and lead generation management company Goallover to lobby for a 'best practice' taskforce in the online lead generation sector.
 - DLG has also launched a dedicated lead generation division, acquiring Positive Response, a specialist call-centre company in May and forming a strategic alliance with Clash-Media.

4. Trends

4.1 Emphasis on lead generation is growing

Driving an accountable return on investment (ROI) has never been more important. The lead generation market is likely to grow within the UK during 2009, as it is a proven technique of marketing / targeting effectively if done properly.

- Companies are increasingly approaching agencies to supply leads. This is resulting in an expected rise within the lead generation budgets set by companies.
- Specific sectors in the UK are not engaging with lead generation. One such area is the higher education sector. This is huge in the USA, worth some \$20-30m per month. As was mentioned, perhaps this (and similar areas) are commercial opportunities that UK organisations and agencies are failing to realise?²
- Lead generation is transparent, therefore sources can be accounted for easily. Leads can be traced back to the point of origin and conversions can be recorded.
 - Lead generation often sees clients and suppliers ignoring other aspects involved, such as branding.
 - We are beginning to see an integration of lead generation with a whole cross-section of media, both online and offline.
 - It has been proven that leads for online use can be created quite easily offline.
 - One area that is rising this way is radio.
- The competition that is expected to occur within the paid-search market means that marketers will be looking for opportunities elsewhere, such as those presented by lead generation.
- Because of this continued growth, but with higher/different expectations, it has been suggested to Econsultancy that lead generation could be seen to be evolving away from its traditional models.

4.2 Marketers face challenges

Alongside the positive view that lead generation will flourish in the upcoming year, there are some barriers to effective online generation. In summary, these points are:

- Companies need to be able to measure the value of leads and then make an accurate decision as to what they are able to pay. Measurement and analytics is an on-going challenge for companies.
- The main issues are:

² Econsultancy's November 2008 Online Lead Generation Roundtable

- Difficulty of tracking leads through to conversion in a multichannel environment.
- Lack of technology or poor technology for online tracking.
- Lack of resources.
- Companies/clients, even the larger organisations, are often not measuring lead generation capabilities effectively.
- The potential benefits of lead generation, and the cost, will depend on different variables including business sector, product (or service) and objective.
- Since 2007, the proportion of company respondents who believe that their organisations are effectively exploiting online lead generation as a way of growing their B2C business has decreased from 44% to 41%.³

4.3 Companies focus on tracking and technology

The vast majority agree that technology and new software developments are making huge differences to the lead generation market.

- Technological development is extremely important to lead generation, as it is beginning to solve the inherent problems raised when clients and companies deal with the huge volumes of data that is produced from activities.
 - This in turn highlights the importance of originally collecting valid market data. (eg. mobile numbers, email, etc).
- Often, information gathered is not managed or analysed correctly and sometimes it can't even be accessed. Because of this, there is the concern that data is not being utilised to its full potential and consequently, monetary opportunities are being missed.
- Interestingly, the “track-back” method of measuring channels was talked about a great deal. With both Google and MSN developing track-back technology, the concept of tracking and testing lead generation methods is likely to be a big issue in 2009.
- With technology becoming used more often in this way, it is likely we will see a rise in lead management systems too.

³ [Online Lead Generation \(B2C\) Report 2008](#)

5. Best Practice

Insight

Lead quality has an impact across the e-marketing spectrum.

Advertisers: Large volumes of low quality leads mean that advertisers are spending a significant amount of their budgets on leads that have little chance of converting into customers. This has a direct impact upon their operational efficiency, as well as their ROI.

Agencies: By focusing upon improving the quality of leads, advertising clients can be persuaded to direct a larger proportion of budget or spend into any live account. Lead generation can be extremely competitive, but agencies which provide good leads and can give good ROI are more likely to stand out from the competition.

Publishers: If publishers provide a good service and generate decent leads, not only will they receive payment accordingly, but important long-term relationships with advertisers and agencies will be built. This is especially important, as feedback from these relationships helps to optimise leads.

Consumers: Lead quality helps increase consumer satisfaction and confidence, as it prevents unwanted solicitations from companies in line with any consumer protection legislation.⁴

5.1 Quality, not quantity, is key to successful campaigns

There is a great deal of concern surrounding the quality of traffic. It must be considered that the incentives that sometimes are offered against a lead generation drive may overkill the quality of a lead. (eg. figure 1: By offering a car to a generic audience, this is likely to lessen the lead quality)

Sign up now! Step 1 of 3
Please enter your details below to create your 321Prize account.

Title

First Name

Surname

Postcode

Email

Choose Password

Confirm Password

By registering I agree to the terms and privacy policy of 321Prize. I understand I may receive email communications from 321Prize and carefully selected partners and that my details may be passed to the competition sponsors I select. I may unsubscribe from these communications at any time.

You are entering a competition for this item

Win this awesome Peugeot 207 hot hatch!
With streamlined design and new stylised interior, this funky little hot hatch is the coolest runabout in town. With excellent handling and unrivalled engine performance this car is ideal for nipping to the shops or long distance journeys. Enter our feature prize now and you could be a lucky 321Prize winner. Good Luck!

Terms & Conditions

register and **win** lots of amazing prizes

NEXT

Figure 1.

- It is often noted that lead generation companies need to strike a balance between the incentives offered and lead quality.
- Clients also need to be made aware of the quality of data they are buying. Is it tailored specifically to their needs, or is generic?

⁴ Source: <http://www.iab.net/media/file/leadqualitybp.pdf>

- Clients are putting a greater importance upon quality, rather than quantity, of leads. This is becoming more apparent, especially given the economic circumstances.
- Problems that come with users giving false details can be overcome with filters. Leads can be checked against data methods such as the electoral role, and procedures can be implemented to validate a user's email and telephone information.

5.2 Be innovative in your approach to lead generation

Innovation is an important issue within digital and lead generation is no exception.

Various approaches we are seeing within the market include:

- Agencies selling leads/lead generation services need to be flexible in pricing.
- There needs to be flexibility when dealing with return data. (eg. Negotiable refunds, etc).
- Lead generation sometimes migrates towards an affiliate connection.
 - Negotiation is needed between affiliate networks and lead generation services.
- There is a constant search within the market for alternative methods of generating leads.
 - Examples include 'user' generated leads, eg. referral to family/friends.
- There is an increasing use of social media and Web 2.0 implementation.
- There is an industry awareness that lead generation needs to find the means to become increasingly efficient in the future.
- Integration of cross-media methods.
- There is a greater focus on the idea of generating lifetime-value leads.

6. Data and Statistics

Taken from the Econsultancy/Clash-Media [Online Lead Generation \(B2C\) Report 2008](#)

- 74% of companies see online lead generation as its own distinct area of online marketing.
- Press (i.e. newspapers and magazines) is still the most commonly used offline method to generate consumer leads (65% of organisations).
- Natural search (79% of respondents), email marketing (in-house lists) (75%) and paid search (71%) are still the three most commonly used online methods for lead generation.
- The biggest fallers are affiliate marketing (from 50% to 43%), email marketing - rented lists (from 33% to 28%) and viral marketing (from 35% to 22%).
- Overall, online methods for generating B2C leads are typically regarded as more effective than offline methods.
- Email marketing (in-house lists), online aggregators and shopping comparison sites are deemed to be very effective by 40%, 27%, and 26% of company respondents respectively.
- Viral marketing deemed to be very effective by just 16% of respondents, significantly down from 25% in 2007.
- According to company respondents, a greater proportion of lead generation budget is being spent on online (on average, 53%) than offline (44%).
- According to company respondents, a greater proportion of lead generation budget is being spent on online (on average, 53%) than offline (44%).
- Compared to 2007, PPC is getting a bigger proportion of online lead generation budgets even though natural search is perceived to be better value for money, according to company marketers.
 - PPC now gets a third of this budget (33%) compared to 28% in 2007. Meanwhile, SEO now only gets 15% of the budget compared to 18% last year.
- Companies are now investing more in their in-house email marketing. The average proportion of budget devoted to this has increased from 10% to 15%.
- Many companies are still struggling to measure the effectiveness of their online lead generation activity. Some 28% of company respondents say they are “average” at this and a further 11% say they are “poor”, up from 8% in 2007. A further 3% say they are “very poor”.
 - A third of company respondents say that they are either “excellent” or “good” at this, the same proportion as last year. However, the percentage of those saying they are “excellent” has gone down from 11% to 7%. During 2008, online lead generation company Clash-Media raised £1.5 million of funding from MMC Ventures to support European expansion.
- Online Lead Generation is an important objective for many search engine marketers. Direct online sales is the most likely primary objective of paid search marketing, viewed as such by 55% of company respondents (up from 53% last year). The next most likely PPC objective is lead generation (51%). [Source: *Econsultancy / Guava Search Engine Marketing Report 2008*⁵]

⁵ <http://econsultancy.com/reports/uk-search-engine-marketing-report-2008>

6. Resources and White Papers

Online Lead Generation (B2C) Report 2008

<http://econsultancy.com/publications/online-lead-generation-2008/>

Online Lead Generation Association

<http://www.olgassociation.org/>

GP Bullhound Research – The Online Lead Generation Market Is Growing Fast

<http://www.olgassociation.org/resources/GPBullhound.pdf>

Desilva + Phillips - Lead Generation: Digital Media's Killer App?

<http://www.olgassociation.org/resources/desilva+phillips.pdf>

Different Leads for Different Needs

<http://www.leadgenerators.co.uk/business/differnetleads.php>

SEO: Best Bang For Your Buck For Generating Online Leads [Econsultancy blog]

<http://econsultancy.com/blog/2551-seo-best-bang-for-your-buck-for-generating-online-leads>

Why 2009 Is Set To Be The Year Of Online Lead Generation [Registration required]

<http://tinyurl.com/6g62m7>

