



From the Lab

Setting You Straight on Lead-Generation

Lead-generation is an old-school strategy that is making a resounding resurgence, if not only by the popularity of its stepchild, the trial offer (see January's "From the Lab"). And the probability is that these types of soft offers will play a bigger and bigger role in DRTV campaigns.

What Is Lead-Generation?

Lead-generation DRTV ads are characterized by no price point, and they are presented two ways:

- **"Call to find out how you can get ..."** — The back end of this offer is a sales attempt; the operator does his or her best to convert the curious caller to a paying customer.
- **"Call for more information."** — This is often referred to as a "two-step" deal, where the operator captures the caller's info and sends information on the advertised product or program. The caller is then contacted by a trained outbound salesperson who attempts to sell. This strategy is definitely the road less traveled, but it offers the benefit of very low telemarketing cost and a very low cost-per-lead. Also under this scenario, the marketer has full control of customer contact and return rates tend to be very low because the customers tend to be more committed to the sale.

What lead-generation is good for: High-ticket items, such as fitness equipment, household appliances or business opportunities.

What lead-generation is not good for: Low price-point items.

Potential Benefits

As with the trial offer, the main objective of the lead-generation offer is to increase profitability by increasing response. In omitting the price, a marketer is able to not only *not* scare off the customer, but to create a sense of curiosity as well. More calls are generated, meaning more opportunities for trained agents to break out the charm and do the all-important job of selling those callers. Some obvious potential benefits:

- **Increase in response** — You can expect call volume on a lead-generation offer to be 50 percent to 500 percent greater than on a comparable price-advertised offer.
- **Back-end flexibility** — Since the creative doesn't disclose the product's price, you can test price-point sensitivity with your telemarketing team and find the most profitable offer without incurring the cost and time of editing and re-testing.

Potential Lead-Generation Fallout

There are definite side effects from lead-generation offers, but at the end of the day, it likely should all pan out with proper planning. What side effects, you ask?

- **Costly telemarketing** — Typically, well-trained agents come with a high price tag. When an agent has to really sell a caller on an item to make the caller willing to pay the price, they cost more than a run-of-the-mill order taker.
- **Returns** — It's possible that when a caller has to be "sold" on an item, a number of indecisive buyers may be pushed over the fence and end up feeling "buyer's remorse."

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CASH-FLOW CRUNCH BUSTER

Since lead-generation offers are typically used for high-priced items, the product is most often offered on a payment schedule (i.e., "just 6 easy payments of \$59.95"). Converting customers to a one-pay option is crucial for cash flow. Finding incentives to bump the conversion up (i.e., free rush processing or a "We pay the last payment for you" offer, etc.) is critical. If it isn't possible to offer an incentive, just a simple powerful recommendation to pay in "one convenient payment" can turn out surprisingly good numbers.



Founded by Adam MacDonald, TEST Marketing Group gives direct response marketers an edge by combining in-depth knowledge and "big picture" DR experience to provide uniquely creative and practical input in developing a successful DR campaign. TEST also provides help selecting the right inbound and outbound telemarketing, fulfillment, media and manufacturing vendors for their clients' specific needs. For the latest trends in creative direct response marketing, call (714) 979-5555 and ask for Adam MacDonald, CEO, at ext. 202 or E-mail adam@testmg.com.