

# **How to Choose Your Carrot: Effective Lead Generation Offers for High-Technology Marketers**

A Connect Direct White Paper

## Why Offer Matters

One of the oldest rules in direct marketing dictates the relative importance of key elements in any direct marketing campaign as follows (in order):

1. List
2. Offer
3. Creative

Clearly, for any campaign to be successful, you first need to be targeting the right audience. A campaign can feature award-winning creative and a compelling offer, but if you're broadcasting your message to the wrong group of people, your campaign will fail. This much is common sense and easily understood by most marketers.

Strangely, the fact that offer is the second most important component of any direct marketing campaign appears to be news to many companies, particularly in the high-tech sector. Judging from most of the direct marketing campaigns, online and offline, in circulation today, creative still rules the roost. However, whereas copy and design are important, they don't have anywhere near the impact on a campaign of a good (or bad) offer.

## What do you mean by "Offer"?

An offer is a reason to respond – the "carrot" that gets the reader to take action. Price discounts and "Buy 1, Get 1 Free" are types of offers, but so are white papers, brochures, seminars, free trials and any other specific, tangible incentive given for the reader to respond to your campaign.

Price discounts are sometimes termed "hard offers" or "purchase offers" because they require a purchase decision. White papers, seminars and the like are described as "soft offers" or "information offers" because they don't require a purchase decision (or anything close to it), but instead are designed to elicit interest in a particular product, service or technology.

For the purpose of this white paper, we'll be discussing primarily soft or information offers.

## Sell the Offer, not the Product

Assuming your campaign objective is to generate leads and not to drive immediate sales, the focus of your campaign should be the offer, not the product.

No matter how enticing your product or service sounds, you won't generate leads unless people want what you're offering to send them. An effective offer accomplishes two things:

1. It causes the prospect to respond; and
2. It tells you something about that prospect, ideally that he/she has a need for your product or service

Perhaps the No. 1 lead generation mistake that high-tech marketers make is rattling on about how wonderful their product or service is, and then treating the offer as an afterthought.

Inboxes worldwide are bombarded every day with campaigns that preach the virtues of the advertiser's product ad nauseam, but bury the offer in a corner somewhere.

Remember: Unless your intent is to have someone buy your product on the spot, using your campaign to convince the reader why he or she needs it now is a waste of space. Instead, sell the benefits of your product in the context of the offer. For example, if your offer is a Webinar, you might say:

"In a free Web seminar, you'll learn how to cut corporate travel expenses by as much as 40 percent ..."

Now, enabling companies to save up to 40 percent on their travel expenses might be exactly what your product does, but we're not selling your product. We're selling the offer. If you attract prospects that are interested in cutting their travel expenses, regardless of whether they feel they're expressing an explicit interest in your product, then you're learning a key piece of information about each and every one: namely, that they have the very business problem that your product solves. And if that's not a good lead, what is?

## Choosing the Right Offer

Choosing the right offer for your campaign is a matter of deciding what the primary objective is for your program, and the types of leads you're looking to generate. For example, your objective may be:

- Generating highly qualified prospects actively engaged in evaluating your kind of product; or
- Generating prospects who meet your target demographic and who, at minimum, are experiencing the kind of business problems you can solve; or
- Building your in-house database by generating large numbers of prospects who simply meet your target demographic

or some variation thereof. Based on your objective, the type of offer you choose will play a large role in determining:

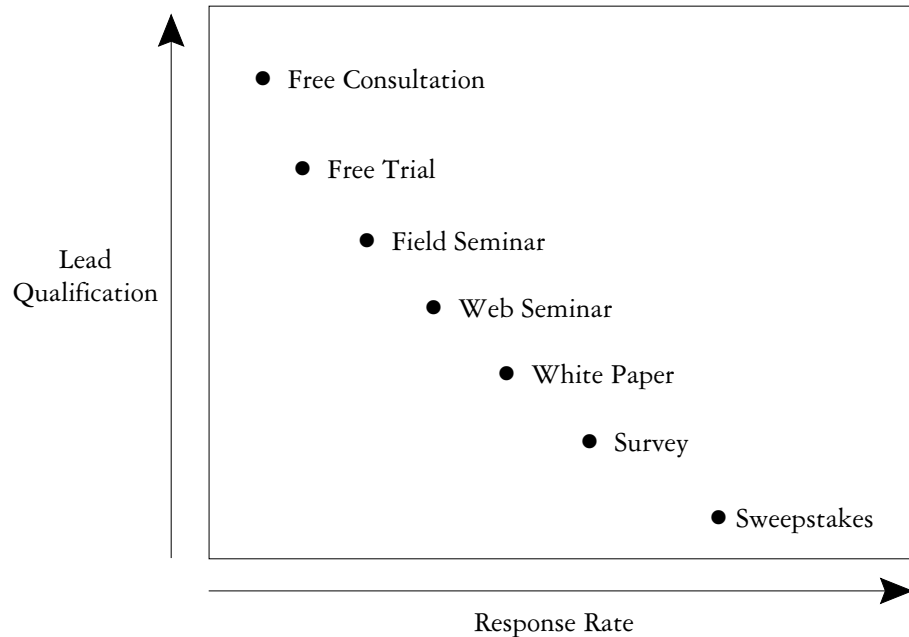
1. Your response rate, and
2. The qualification level of the leads you generate.

For the most part, these two factors work at cross-purposes – that is, the higher your response rate, the less qualified the leads (on average), and conversely, the more highly qualified the leads, the lower the response rate.

As Figure 1 (Page 4) shows, certain offers will drive a high response rate and a lower-qualified lead, while others will generate more highly leads, but at the price of lower response.

A free trial of your product, for example, will typically generate highly qualified prospects, because only those individuals with sufficient interest, resources and permission will want to commit the necessary time. However, those individuals may only be a small subset of the universe of potential prospects experiencing the very problem your product can solve, but that for whatever reason don't feel ready to give the product a trial run.

At the opposite end of the spectrum, a sweepstakes (for example: “Call now and enter to win a free MP3 player”) will generate a very high response rate, but not necessarily from individuals all with an explicit need for, or even interest in, your product.



*Fig. 1. Generally speaking, offers that generate higher response rates also generate less qualified leads (on average). The more you ask of the prospect, the lower the response rate, but the more qualified that prospect is likely to be.*

## Free Trials

Free trials can be effective offers for generating prospects with an immediate need for your product. However, they're most successful when the installation and evaluation process is simple and easy to follow, as is the case for most desktop software, for example. When evaluating a product requires assistance (and/or permission) from an IT department, using free trials as your primary offer can reduce response rates significantly, since they require that the prospect have a level of interest sufficient to overcome internal hurdles.

Free trials have other downsides. They extend the sales cycle. They clog support lines. Depending on the nature of your product, just the process of fulfilling and shipping trial product can be an expensive proposition. Free trials are also risky. Left to evaluate your product on their own time, prospects can develop objections, often unwarranted, that you'll never have the opportunity to counter.

The secret of a successful trial program is to balance the compelling nature of the offer with some element of control over who gets the product and how he or she evaluates it. One way to accomplish this is to make the free trial part of the offer, but not the sole reason to respond,

and grant requests only to "qualified" prospects. For example, lead with an information offer that requires less of a commitment, but add something to the effect of:

"A limited number of trial copies of WidgetMaker 1.0 is also available to qualified companies. To learn how your company can qualify, call 1-800-WIDGET to speak to a WidgetPro representative."

Naturally, the definition of "qualified companies" is up to you and your sales force.

## Free Consultations

Consultations come in many guises: ROI Audits, Security Audits, Needs Reviews, and so on. The purported purpose of such consultations is usually given as an opportunity for the prospect to gain some insight into his or her current systems or operating environment.

No matter how you package the consultation, however, most savvy prospects will recognize that what you're really asking for is a meeting, and a sales meeting at that. Because meeting with a salesperson is well down the list of most prospects' favorite activities, it stands to reason that using consultations as your primary offer, though likely to yield leads at the very highest level of qualification, will decrease response substantially.

Campaigns designed to generate appointments such as consultations are rarely successful without a minimum of:

1. a multi-step approach (Example: an initial e-mail, followed by direct mail, followed by a phone call)
2. a substantial personal incentive – a free gift of some sort – to motivate the individual involved to take the meeting.

Is the free gift a bribe? In a way, yes. But as with any offer, business prospects respond for two sets of reasons: 1) business, and 2) personal. You may well be able to make the business case for why an executive should spend an hour hearing your pitch, but your argument will be stronger with some kind of personal incentive.

## Seminars & Web Seminars

As with free consultations, sales events such as field seminars or Web seminars are both demanding of a prospect's most precious commodity: time.

The advent of Web broadcast events (or "Webinars") have decreased the overall cost of staging seminar programs, but either strategy should be used cautiously, and with the understanding that asking someone to attend an event, whether in person or via the Internet, is requiring a commitment on the part of the prospect sufficient to cause many potential customers to decline the invitation.

As a general rule, all things being equal, even Webinars generate half the response, on average, compared to information offers like white papers or information kits (see Page 6).

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Key to the success of any seminar campaign is to remember that your invitation has one objective only — to get people to register for the event. Don't load your copy with superlatives about how wonderful your product is and then mention the event as an afterthought.

Sell the benefits of your product only in the context of the event. Rather than "our online service enables you to cut procurement costs by 50 percent," say "Register for our free Web event and you'll learn how you can cut procurement costs by 50 percent." And so on.

Secondly, be sure to provide enough detail. Because campaigns often get designed long before the actual event has taken shape, the agenda can end up as an afterthought. Yet, the agenda will be a critical factor for many prospects in determining whether they register for the event. Include bullets that describe what the reader will learn in each session. (Remember: Don't focus on the benefits of the product or technology but on the benefits of the material to be presented.)

If you're promoting the event via e-mail or other online means, it's likely that you won't have the space for a complete agenda. So make sure that when the reader links through to the registration form, there's an option to view more detail about the event, including an agenda, speaker bios, and additional information about your company.

One way to increase registration for a sales event is to use promotions — a free drawing or gift for each attendee. If you're concerned (justifiably) that such promotions may dilute lead quality, consider introducing the offer only at the registration stage, limiting eligibility only to those people who actually participate in the event. Or choose a gift that suggests some minimum level of interest (free product or a book on a related topic.)

Webinars can be most effective when used as lead qualification tools, that is, as a way to target your house list of prospects. Since those individuals are already familiar with your company on some level, the commitment required to attend a Webinar isn't so daunting. And attending an online event may be a great "next step" for the prospect who downloaded a white paper three months ago.

### White Papers

Dollar for dollar, white papers are some of the most effective offers for most high-technology marketers. Prospects are usually more likely to download or otherwise register for a white paper vs. a Webinar, free trial, etc. because 1) the time commitment is minimal, and 2) white papers are perceived (not always justifiably) as "information of value" rather than sales collateral.

If you market CRM software, for example, and a prospective customer has a need for that software, that prospect is more likely to download a white paper on "how to improve customer service" than he/she is to request a brochure on your product. That's because prospects are disinclined to express an interest in a particular product (for fear of being sold to), but are much more willing to request free information on how to solve a particular issue or problem they're facing.

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This demands, however, that the content of your white paper be oriented towards solving a problem and not convincing the reader why your product is the best thing since sliced bread. White papers that are little more than brochures in sheep's clothing or do no more than describe your product in technical detail will not be successful as lead generation offers because they presume an explicit interest in your product.

If you offer prospects a white paper on how to solve the very business problem your product solves, however, you'll be generating leads for your product by attracting prospects looking to solve that problem, without actually promoting your product explicitly.

Based on offers papers that have proven highly successful for our clients, here's a typical outline for an effective, lead generation-oriented white paper:

1. Current industry problems/trends (highlighting, naturally, the "pain" that your product or service solves)
2. Technology considerations/options (what's old, what's new, the "new" being your product or service)
3. How the new technology or service or business model works (including a technical description, if applicable)
4. Benefits/Applications/ROI (including case studies, if possible)
5. How to choose a solution/vendor
6. Summary

When a white paper is written primarily for lead generation purposes (as opposed to a sales tool), the most important element is the title. When you name the document, imply a benefit from reading the material regardless of whether the reader eventually chooses to buy your product. The most successful white papers are not those that promise to explain why a particular product, service, or proprietary technology is the answer to the world's ills, but rather purport to offer information on how to solve a particular business or technical problem.

For example:

"AcmeSoft 3.0: Delivering an Integrated Suite to Monitor, Analyze and Manage Performance"

is too self-promotional, whereas:

"Improving Business Intelligence ROI: A New Approach to Managing Business Performance"

has appeal to those looking for information of value, not a sales pitch.

Secondly, include specific, tangible learning benefits in your title. For example:

"Top 10 Secrets to ..."  
"Tips & Techniques for ..."  
"A Manager's Guide to Projecting ROI ..."  
"Best Practices for Successful ..."  
"What Spammers Know That You Don't"

Remember, it's less important that the title communicate the functionality of your product, and more important that the reader understand the clear, concrete benefits from downloading the white paper.

Finally, don't be afraid to second-guess the title of your white paper. Let's face it: People who write white papers are usually fairly technical, and aren't likely to title their document with your newsletter ad in mind. There's nothing untoward about changing the title of a document, even if it's already in distribution under its original name, if the title reasonably reflects the actual content. If a white paper has already been posted on a particular site or network and it's not generating the response you expected, consider a new title. Charges to do so are usually minimal, and the results could surprise you.

## Information Kits

Information offers like white papers, case studies, and analyst reports strike an effective balance between response and lead qualification. They require little time and commitment on the part of the prospect, yet if written, titled and positioned carefully, can serve to generate leads that are reasonably qualified.

You can expand the appeal of content like these by "packaging" them into information kits. An information kit, generally speaking, is a compilation of informational content designed to appear to be more than the sum of its parts. By compiling a variety of information as one offer, you appeal to a wider spectrum of prospects for whom an individual white paper or case study or analyst report may not be sufficient to generate a response.

The following is a recipe for a good information kit. Your particular market may dictate variations, naturally, but this list comprises a variety of information that seems to "cover the bases" well, and more importantly, has proven to be successful for a variety of different clients:

1. A well-written, "business case"-type white paper, not necessarily written by an independent third party, but one that focuses on a particular solution, category or approach, rather than your specific product or service.
2. Some kind of third party validation of your message, preferably either a press review of your product or an analyst's report on your product category.
3. A real-life case study or success story highlighting your product or service and the ROI your client was able to demonstrate.
4. Information on your product or service.
5. Some kind of multimedia presentation — either a demo or trial CD, a Flash presentation about your product or company, a series of video testimonials, anything that helps "spice up" the offer. (Almost regardless of content, CDs and other multimedia offers almost always improve response dramatically.)

As with white papers, the title of your information kit will serve to increase its appeal and should reflect the intended audience. A more technical audience might be content to

request a “Wireless Enterprise Fact Kit,” whereas a more high-level or non-technical manager might be drawn more to “An Executive’s Guide to the Wireless Enterprise”.

## Surveys

One of my favorite direct mail campaigns of all time was a mailer from Pitney Bowes, the postage meter company, when they were still in the copier business. In bold letters, the copy on the outer envelope read: "Complete the enclosed Office Copier Downtime Survey and receive a FREE GIFT ..."

What the folks at Pitney Bowes knew all too well was that they weren’t going to sell copiers through the mail. They simply wanted to find people who are unhappy with their current machines. And what better way to identify those people than to present an attractive offer (in this case, a free coffee mug with their name on it) just for complaining?

Surveys can be a highly effective lead generation strategy, sometimes generating response rates as high as 15 to 20 percent or more. Surveys can provide highly detailed information about individual prospects and can also uncover trends and other market data that can be used to optimize subsequent campaigns. They even have PR value: publishing the results (however unscientific) in the trade press can help to establish your company's reputation as a leader in a particular market category.

Surveys can be used for both lead generation and also installed base programs (for example, identifying those customers most dissatisfied and therefore most likely to be interested in upgrading to newer technology.) Hosted online (either via a simple Web form or one of the many online survey vendors available), they’re easy to host and tabulate.

With few exceptions (customer surveys possibly being one), you’ll need to offer some type of gift or premium for completing the form (tip: always include a photo of whatever it is you’re giving away). You can also increase response rates and credibility by using a third party — a consulting, research or PR firm — as co-sponsor. (One client of ours teamed up with a leading business school.)

Of course, high response rates come with a price, namely lead quality. Surveys generate a broad spectrum of leads, some more interested in your product than others. Don’t expect great things by throwing survey leads at your sales force or channel partners without having some form of aggressive, proactive qualification process in place - for example, an outbound telemarketing effort — that can identify the "hot prospects".

## Sweepstakes

Sweepstakes are at the far end of the lead generation spectrum when it comes to generating high numbers of unqualified leads (see Fig. 1, Page 4). Yet they have a role to play.

Sweepstakes are most appropriate when the primary objective of your campaign is not, needless to say, generating qualified sales opportunities, but rather building an in-house database of prospects that can be marketed to over time. This is particularly useful if your target audience is fairly broad – say, PC users or software developers – and the cost to market

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to large numbers of prospects over time through rented lists and other standard means would be cost prohibitive.

As with any offer, the nature of the incentive will serve to qualify those responding (albeit minimally in this case). If your grand prize is a cruise to the Bahamas, then figure on a fairly broad profile of respondents. Conversely, if the top award is free product — your product — then it's likely that all those responding will have more than a passing interest in your technology.

A note of caution: Sweepstakes are somewhat of a legal minefield. Always consult your lawyer or corporate counsel before you actively promote any sweepstakes or drawing of any kind. At a minimum, contest rules need to be published and made available to anyone who requests them. Online sweepstakes (and their inherent global scope) are particularly tricky, since state and international laws vary widely, and as a result, you may wish to restrict eligibility to certain geographic areas.

### Summary

Next to knowing your audience, choosing the right offer will have more impact on the success of your direct marketing campaign than any amount of time spent fine-tuning copy and design. Make the offer a key part, if not the focus, of your campaign planning and creative development.

Select your offer carefully. The choice between one offer and the next will have a dramatic effect on your response rate and the quality of leads you generate.

Don't opt for one type of offer arbitrarily. Webinars may be the flavor of the day, and while attendees are likely to be more qualified, Webinar invitations can generate less than half the response of a campaign that features a downloadable information offer. (Plus you're not losing anybody: Any prospect willing to commit to a Webinar is more than likely to download an information kit on the same topic.)

Sell the offer, not the product. Will someone call and order your \$200,000 software application? Not likely. So take the benefits of your product and express them in the context of the offer. Use phrases like "Learn how ..." and "Discover how ..." to promote your offer as the fast track to solving a pressing problem or issue, the problem your product can solve.

## About Connect Direct

Connect Direct is a full-service direct marketing agency headquartered in Redwood City, California, specializing in lead generation for high-technology companies. Founded in 1990, the company has produced hundreds of successful campaigns for clients ranging from start-ups to some of the biggest names in high-tech. In 2005, Connect Direct was named the largest independent direct marketing agency in Silicon Valley by the *San Jose Business Journal*.

## About the Author

Howard J. Sewell is president and founder of Connect Direct. Prior to starting the company, he worked as a marketing manager for software giant Oracle Corporation. Howard is a frequent speaker on direct marketing and contributor to both marketing and technology publications on topics such as lead generation, content syndication, customer retention, channel development and event marketing. Since 1996, he has authored the Connect Direct "Tip o' the Month", a free monthly e-mail newsletter for technology marketers.



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