



Optimizing the B2B Sales Funnel - 4 action points for smarter email marketing

**NGR**

Helping Businesses **Grow**

## Introduction

This paper identifies four points in the B2B sales process which can be made more effective and more efficient via smarter email marketing techniques: contact acquisition, contact qualification, contact nurturing and lead generation. For each of these four areas, it identifies what to do and the reasons why. A coordinated strategy will make full use of proven email marketing techniques and deliver measurable support for the B2B sales process.

## 1 – Contact Acquisition

### What to do

- Identify the staff transition rate among your customers.
- Identify the churn rate for your B2B contacts.
- Compare with the current rate of contact acquisition.
- Define strategies for contact acquisition.
- Set contact separate acquisition targets for:
  - Replacements
  - Additions.
- To achieve net growth, the sum of (replacements + additions) must be greater than the loss rate.

### Reasons why

#### B2B companies must continually acquire new contacts

The transitions in the economy are continual and ongoing. The compound effects of natural driving forces cannot be halted. The annual

churn rates and their causes are:

- Organizations - rationalization, off-shoring, insolvency
- Staff - layoffs, transition to new jobs.

#### Lost contacts reduce the effectiveness of online marketing

The impact of staff transition on B2B email marketing is often overlooked. Invalid contact records significantly reduce the effectiveness of B2B email marketing:

- Inflate target groups sizes.
- Increase transmission volumes and costs.
- Suppress open, click and successful response rates.
- Distort conversion ratios in all stages of the sales funnel.
- Reduce the validity of insights for future planning.

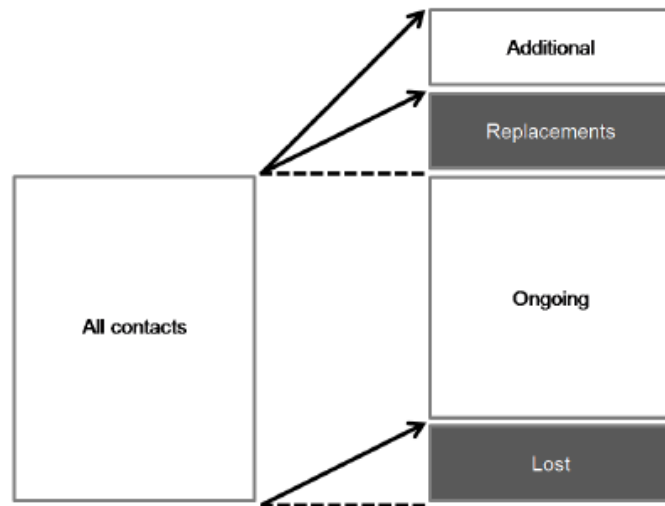
#### If lost contacts are not replaced as they disappear, a B2B database will inevitably shrink.

The typical annual loss rates in European B2B databases are:

- Organizations - up to 5%.
- Contacts - between 8% and 22%, varying by country.

#### Employee transition is a major friction for B2B marketing.

The extent of employee transition is frequently ignored. Among European countries, about 15% of employees start a new job each year. Similar volumes of staff leave a job each year.



#### The impact of staff churn on contact acquisition

Churn rate =  $(\text{Lost} + \text{Replacement}) / (\text{All} + \text{replacement})$   
 Churn reflects the sum of changes (NOT: net change)

**The  
contact**

### acquisition rate must exceed the loss rate

The success of online marketing strategies depends on acquiring new contacts faster than the contact loss rate:

- Matching the contact loss rate will only enable a B2B organization to stand still
- To achieve net growth of the contact database, total contact acquisitions must exceed contact losses.

### 'Doing nothing' is not a valid option.

An organization that does not acquire new contacts to counteract losses caused by natural market driving forces will:

- Lose revenue (short to medium term).
- Lose market share (medium to long term).

## 2 – Contact Qualification

### What to do

- Identify the volume of contacts to be qualified per year /month / week
- Qualify multiple contacts at each organization by their role in the sales process
- Treat contact qualification as an ongoing process
- Design qualification processes to handle the required volume
- Re-allocate resources to increase efficiency
- Automate online processes to increase effectiveness
- Total effort = (Re-qualification + New qualification)

### Reasons why

#### Contact qualification is the starting point for selling

Marketing must build a working relationship with replacement and new contacts before selling can become effective.

- Identify buying interest in products and services
- Establish the contacts' attitude to our company
- Identify points for correction / improvement

#### All replacement and additional contacts must be qualified

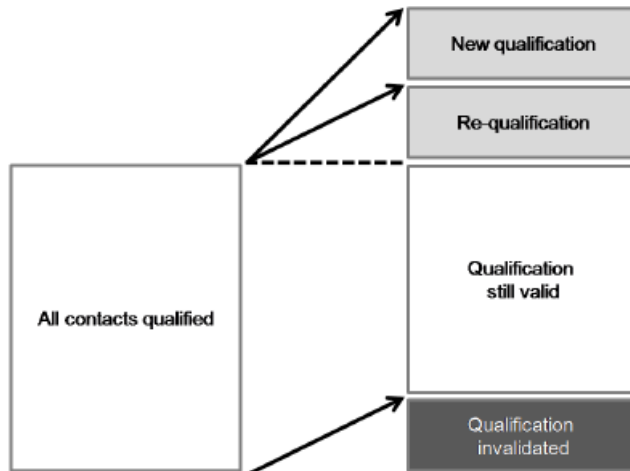
Staff churn invalidates previous qualification work. Replacements and additions to the marketing database create new qualification work. The information found on a business card is simply the start-

ing point:

- First name, last name
- Title and department
- Company and contact information

**The contacts’ role in the sales process is key**

Effective B2B selling requires active support from multiple contacts. Each contact has a distinct role in the sales funnel and buying process. Typical examples are:



**The impact of staff churn on contact qualification**  
 Total effort = (Re-qualification + New qualification)

- User department - line of business, production
- Evaluating department - engineering, IT, legal
- Approving department - senior management, finance
- Support departments - purchasing, accounting

**Contact qualification is an ongoing process.**

The ad-hoc batch projects and an ongoing process. The better choice is to handle contact qualification as a process because:

- Staff churn occurs all the time
- The typical churn rate is 24% to 26% per year
- Qualification processes can be automated

**Re-allocating resources improves efficiency**

Contact qualification absorbs staff and budget resources. Usually the resource requirement and costs are hidden. Contact qualification can be optimized by re-allocating resources:

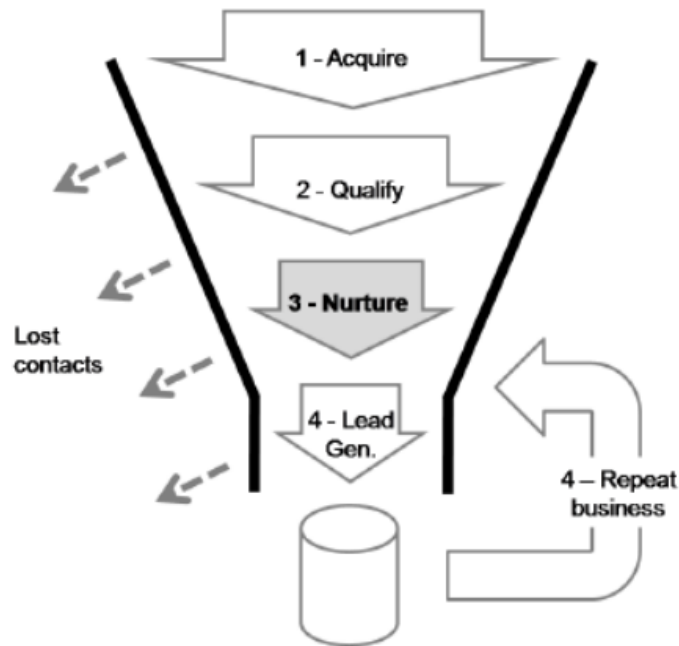
- Making the total resource requirement transparent
- Allocate more budget to low-cost methods such as automated online qualification
- Using high cost and labor-intensive methods selectively

**Automation improves effectiveness.**

Automation of the contact qualification process will:

- Increase staff resource needs in the short term
- Improve contact data quality in the medium term
- Deliver staff and budget savings over the long term

### 3 – Contact Nurturing



Contact nurturing in the B2B sales process

#### What to do

##### Nurture contacts between buying cycles

- Increase nurturing activities to maintain the volume of leads in the sales pipeline
- Anticipate competitors' responses to economic pressure
- Find more cost-effective methods for nurturing - Increase contact nurturing activities

- Automate the nurturing process to free up staff resources

#### Reasons why

##### Nurturing means preparing for the next buying cycle

By communicating with contacts regularly, an organization maintains mind share. The objectives are to prepare the way for future sales, to maintain loyalty and to minimize customer defection. Suitable messages include:

- Relevant cross-selling and up-selling choices
- Customer satisfaction issues
- Customer retention issues

##### Increased nurturing maintains sales revenues

In a depressed economy, organizations need more concurrent opportunities in the sales pipeline to counteract:

- Smaller average size of sale
- Reduced frequency of sales

##### Competitor will also respond to economic pressure

Regular nurturing of existing contacts becomes even more important during an economic downturn. Competitors will respond to reduced demand by:

- Widening their search for new customers to include the installed base of other suppliers
- Being more aggressive in their marketing and sales techniques
- Seeking to exploit weaknesses in satisfaction and loyalty of the current supplier

## Online nurturing is cost-effective

Contact nurturing via online marketing combines low cost of production with high speed of implementation plus measurable response. Online contact nurturing campaigns will:

- Maximise coverage of key messages over time
- Maximise the relevance of the messages for recipients
- Permit measurement of results to evaluate and control success
- Deliver insights into customer needs for lead generation campaigns

## Nurturing campaigns can be automated

Nurturing campaigns can be designed to run automatically according to predefined triggers such as:

- Date and time
- Qualification events / milestones
- Contact responses

## Ongoing nurturing identifies lost contacts

After all the effort of qualification, it's a nuisance. But it's better to discover it now, than in a lead generation campaign.

## 4 – Online Lead Generation

### What to do

- Use online marketing techniques to generate additional leads for sales teams
- Create separate online campaigns for existing and new customers
- Optimise campaign volume and frequency to counteract response rates lower than the historical average
- Use online lead generation techniques to reduce the impact of higher costs of business
- Integrate online lead generation with existing sales processes

### Reasons why

#### All companies depend on sales revenue for survival

In the short term, it may be possible to cover a shortfall in new sales revenue with additional revenue from repeat business. In the long term, revenue growth means winning new customers. The pre-conditions for long-term success are:

- Acquiring additional contacts
- Qualifying them

- Nurturing them until they are ready to buy

### **Existing and new customers need different information**

B2B Companies therefore need separate online communications strategies, campaigns and messages for:

- Repeat sales to the existing customer base
- New sales to future customer organizations

### **Online marketing generates additional business**

Automated online Lead Generation campaigns among the existing customer base will optimize repeat business:

- Cross-selling
- Up-selling

### **Response rates will be lower than the historical average**

In a depressed economy, buying decisions by customer organizations are:

- Delayed - by more critical appraisal
- Reduced in scope - to cut costs
- Cancelled - to eliminate costs

### **In a depression, the cost of business may increase**

Even loyal customers may respond to an economic downturn by changing their buying pattern. A typical response is for the customer to counteract uncertainty in their own market by buying smaller quantities with greater frequency. The impact for the supplier organization is:

- More frequent orders increase the administrative overhead per customer
- Constant overheads (e.g. delivery) vs smaller order value will reduce margins

### **Leads must be passed to the next team in the sales process**

Online methods can be adapted to suit existing internal processes across a wide range of B2B industry sectors. Qualified leads can be automatically delivered to teams such as:

- Telesales
- Pre-sales consulting
- Customer key accounts.
- Field sales force

# About NGR

NGR provides innovative enterprise marketing management solutions that turn your passion for marketing into business success. NGR transforms how marketing and sales teams of all sizes work and work together to accelerate predictable revenue.

NGR's solutions are both powerful and easy to use, providing explosive revenue growth throughout the revenue cycle from the earliest stages to demand generation and lead management to deal close and continued customer loyalty.

In past 48 months, we have been working on developing various marketing and sales solutions which assists organizations in improving customer relations and further improves the bottom-line.

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