



Lead generation: A new strategy for attracting target customers

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Abstract

Online Advertising Industry is gaining importance for the marketing discipline. Its new technologies and online practices have created a place where there is no way for avoiding its privileges. In this regard, this paper reviews one of the new practices in online advertising. Lead Generation or Lead gen has been designed to provide some insights and knowledgeable data about online consumer behavior. The study presents the core concepts of LD and defines how it works. In addition, a conceptual framework is designed to entirely figure out Lead generation activities.

Keywords: Lead generation, Online advertising, Proprietary technology, Interactive Agencies.

Introduction

The user, upon entering into the cyberspace, shows some behaviors. For instance, the user, seeing the homepage of a given website, reacts to it and may click on an advertisement. However, the main question is that what features of the ad have been able to attract the user and persuade him to click on? Regarding the depth of involvement between the ad and the user, other questions are also posed. For example, how much time the user has spent visiting the website? What other pages, other than the homepage, has he visited and focused on? In order to answer these questions and investigating the effect of being aware of users' behaviors on the marketing performance of a website, companies have been emerged which are called lead generation companies for they generate lead. The main advantage of these companies is the emergence of a new concept in marketing as performance-based marketing. Having access to personal information of the user, as gender, age, occupation, income level, etc. can significantly help internet advertising.

Introducing lead generation is important because it is the main activity before publishing an ad or any other activity in the internet. The reason is that an ad which is formed by correctly identifying target customers, their wants, stimulants, and motivations of shopping is highly efficient. Therefore, marketers always try to identify the presents needs and wants of their audience and match their solutions with them. The efforts of marketers on the one hand, and emergence of new technologies in the interactive media on the other, have resulted in the emergence of a new concept as lead generation in marketing and online advertising which responsible for collecting data on trends and ways of surfing different websites by the users.

The nature of the controversy

Globalization and the increasing popularity of the internet mean that the internet is becoming a powerful marketing tool for converting innovation to economic

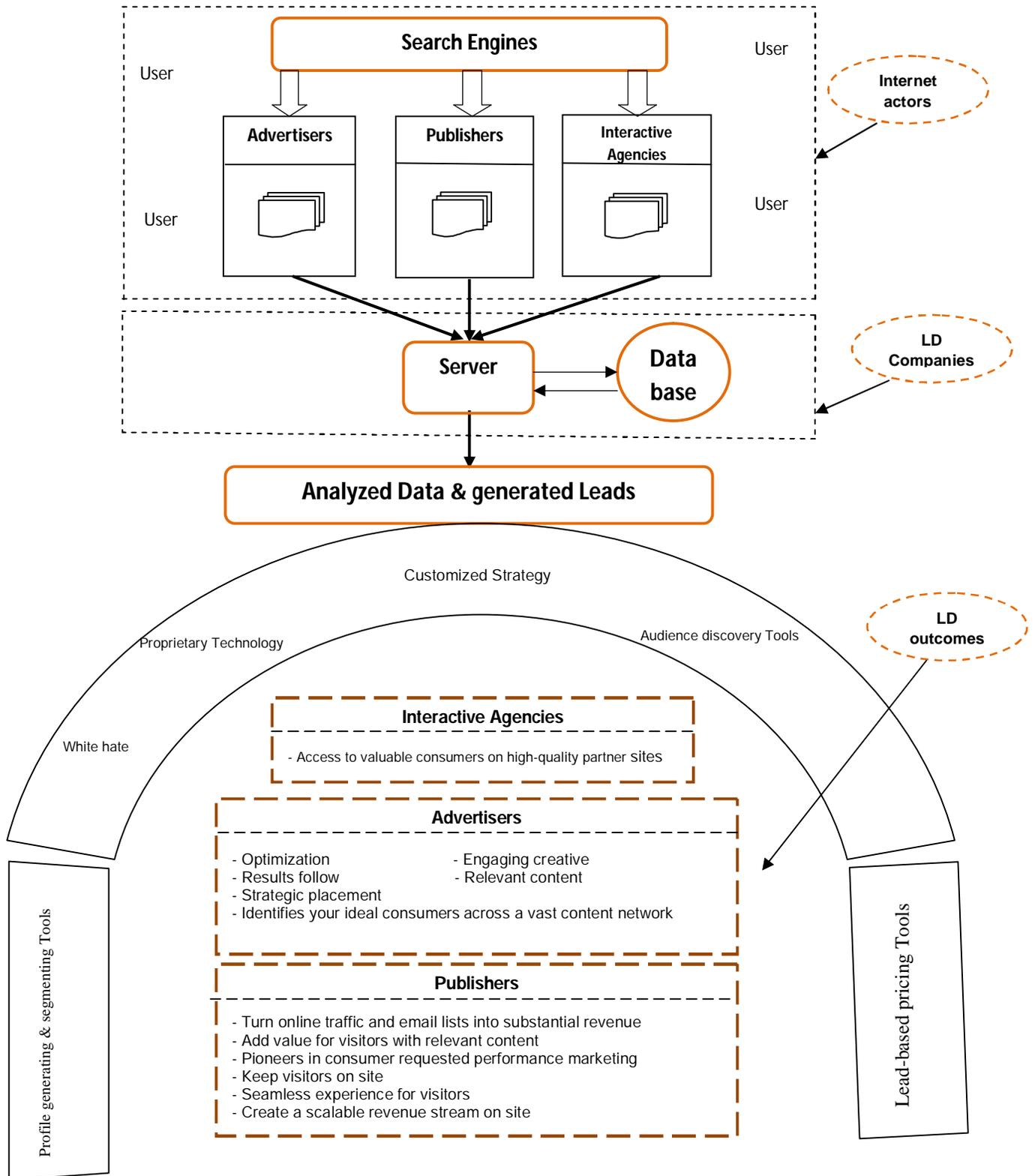
value for business (Fu & Wu, 2010). The goal of advertising is to deliver messages that positively influence current or prospective customers. Given that advertising has such an influence on customers, corporations spend considerable time and funds creating and placing advertisements. As such, US advertising expenditure are around \$320 billion (Green & Elgin, 2001). When firms realize that their web site can be a significant medium for interacting with present and prospective customers; they should also recognize that Internet advertising is an integral element of corporate advertising strategy (Boudreau *et al.*, 2006).

The present study, with a look on presence in the internet and applying its unique tools, focuses on identifying users' behaviors rather than observing, estimating, or predicting it. This study states that marketers, employing appropriate tools, can exactly identify user's behavior and present the appropriate goods in his surfing path. Thus, the aim of the present study is to offer primary insights into employing lead generation companies so that the researchers of advertising treat and study it as a tool for identifying online behavior. The main features of this concept are presented in the following.

How dose lead generation works?

Lead generators offer performance-based results to hundreds of online marketers (Adteractive.com, 2011). Specific technology, innovative marketing strategies, and a data base are considered as the important requirements of high quality lead generation. These three factors prepare the ground for generating appropriate and customized leads offering favorable results to the users of these leads. Lead generators using innovative marketing strategies and specific technologies, offer solutions for generation qualitative leads for advertisers. Another factor which enables lead generators to monthly generate millions of leads is the high level of customer service, useful skills and experiences (Fig.1).

Fig. 1. How does lead Generation works?





Lead generators, using some tools, are able to trace user's behavior in the cyberspace and finally provide the customers with analyzed data pack called leads. In order to generate leads, the interactive agencies need to trace users in different websites to record their interests and change the data collected by specific tools into leads. At the end, they sell the generated leads to advertising agencies, online marketers, and internet publishers (Qinteractive.com, 2011).

Customized strategy

Competition in the area of marketing is not the same, lead generators are aware of this fact and therefore employ a unique strategy for each competition. The customized strategy includes the general budget plan and customers' goals which are integrated into the input data (Adteractive.com, 2011). Then, the brand is sent as a processed message to those who need the products and services of the companies. The given brand is placed in the specific medium and then, in order to attract the attention of users searching online for the products and services of the company, appropriate messages are sent. In order for the consumers to match with the brands and products, lead generators rigorously test the media and messaging. This results in the optimization of the quality and volume of the leads.

Proprietary technology

The consumers are subjected to thousands of advertising messages every day. The question posed is that of all advertisements are effective? And, which ad has been able to attract the attention the user? Each of the lead generation agencies state their specific proprietary technology and this basic factor advances them in vertical marketing and online media. They, using the stated technologies, always offer appropriate leads in appropriate volumes to their customers. At this stage, the role of innovation becomes more important than ever before.

White hate marketing practices

Lead generators believe that online marketers must know how they can be different. They also believe that delivering reach or scale is not always unique. In the digital world, lead generators have been continuously able to generate and test innovative advertising through specialized teams. These advertisements are optimized regarding content and visuals and consequently, advertising messages are stand out. Specialized teams working in lead generation companies know how to completely launch powerful persuaders and competitions in advertisers and publishers' market. These teams, called innovative teams, can develop and improve all kinds of effective banners, landing pages, flash pieces, mailers, for the clients. Some of the areas where these teams make innovations are direct response, newsletter, display ads, flash animation, landing pages, interstitials and text links, pop-ups, banners and skyscrapers, video production. Innovation in these areas results in delivering visually stunning messages for the lead generators.

The point that must be mentioned here is that innovation of lead generation teams is not possible without the support of technology and strategy because the challenges of marketing are nowadays unique and succeeding in the goals pursued by the clients is very difficult. All technologies used in lead generation result in the awareness from dynamicity of virtual markets in the real and appropriate time.

Audience discovery Tools

Audience discovery means real-time audience measurement. This group of tools helps marketers and digital publishers to more accurately engage their real audience. "The world's leading advertisers, agencies, and media companies rely on Aperture to successfully reach consumers across the Web with the messages that matter most" (Datranmedia.com, 2011). In order to get access to target customers, it is necessary to first gain access to all identified characteristics of the customer such as demographic, behavioral, and geographic characteristics in impressions, clicks, and site actions. These rich data provides a deep insight toward reach and efficiency.

Lead-based pricing Tools

There are three pricing models in the online advertising market that can be used for purchasing generated leads. In the CPM (Cost-per-Thousand) model, advertisers pay for each impression as the number of times people view an advertisement. The problem with this model is that the advertiser must pay even if the target audience does not click on the ad. The CPC (Cost-per-click) model does not have the problem involved in the CPM. The advertiser pays when the user clicks on the ad. However, search keywords are very expensive due to the increase in competition. The CPL model has solved the risk associated with the CPM and CPC. In this model, only leads are paid for. Like CPC, the price of each lead is determined by demand. There are two options for marketers looking for a model of paying for specific activities:

CPL advertising (or online lead generation) and CPA advertising (also referred to as affiliate marketing). In CPL campaigns, advertisers pay for interested lead - i.e. the contact information of a person interested in the advertiser's product or service. CPL campaigns are appropriate for brand marketers and direct response marketers who try to interact with the customers in multiple touch points. In CPA campaigns, the advertiser usually pays for a completed sale involving a credit card transaction. It can be said that everything in this model is about "now" - focus on driving consumers to buy in a specific moment. If the visitor does not buy anything, there is no way to remarket it.

Profile generating and segmenting tools

Lead generation by analyzing customer behavior and tracing its click trends, extracts the customer's priorities and put them in the different profiles. These profiling activities will be aligned with market segmentation in



order to enable lead generation to deliver an appropriate package to marketers. Whenever a new action from a previous IP will discover, lead generation can compare that action with earlier profile and by this way is able to capture customer main route maps on the internet. For example, which product with which appeals has been clicked more?

Users, whether directly (by writing the URL of the specific website) or indirectly and through redirecting search engines enter into the tracing system of lead generation companies, lead generation servers, by identifying the IP groups of the users, save their profits in separate DBs. Data collected by interactive agencies, internet publishers, and advertisers are offered to lead generation companies. These companies customize the leads based on customer needs by analyzing the data. Then, the final outputs of the interactive agencies, internet publishers, and advertisers are obtained.

Conclusion

Criteria employed in traditional advertising media for evaluating and helping the effectiveness of internet advertising are ad content, organization of content, and the strategy of advertising message (Ducoffe, 1996; Brackett & Carr, 2001). Although these criteria can be useful, they are not sufficient for complete actions considering the unique features of medium, i.e. internet, (e.g. interactivity, unlimited time and space to communicate messages, navigability) and the active role of consumers during their visit of the website (Hoffman & Novak, 1996; Novak & Hoffman, 1997; Hwang *et al.*, 2003). Thus, there is a need for identifying and investigating new qualitative factors and dimensions close to the capabilities of this new form of advertising.

Consumer behavior is one of the major concepts of internet advertising. The main question is that how is it possible to become aware of the consumer behavior in cyberspace and use it for making effective advertisement. It is necessary to mention that some scholars (Kahan, 1998; Kamakura *et al.*, 2003; Zwick & Dholakia, 2004) believe there is no difference between lead generation and data base marketing. Nevertheless, we believe that data base marketing is somewhere different from lead generation. From gathering consumer information point of view, both are doing the same, however, data base marketing gathers consumer leads from internal sources (consume profiles, previous orders, bill of guarantees, and etc.) and external sources (marketing research, in store traffics and so forth). But, lead generation gathers consumers' leads through an online method not offline. In other words, it is tracing consumer behavior at the time of behaving that behavior, not after ending it. In lead generating, marketers follow exactly the consumer itself, but in data base marketing they gather that following signs and leads. Moreover, when marketers ask a question from consumer, the sincerity of his/her words is not clear, instead in lead generating the consumer has no role in gathering process.

Lead generators, using the combination of a large amount data and complex behavioral classifications, define the ideals of consumers in the vast range of internet networks. This achieved via optimization, relevant content, engaging creative and strategic placement. In this way, the data are always refined which results in maximization of ROI.

Lead generators help the advertisers to communicate with their target consumers. Also, by providing digital marketing services help them reach target consumers. The main mission of lead generators is to help advertising agencies to make more money from their online users which are done through lead generation and email. By creating long-term and durable relations and delivering the results of high performance marketing competitions, lead generators help advertising agencies achieve valuable consumers in high quality websites cooperating with these agencies. Some of these websites are About.com, IAC family of websites, Weather.com.

Lead generators help internet publishers by changing online traffic and list of electronic addresses to significant income. Besides, adding value to website visitors is done through appropriate content. This creates high output for internet publishers. Internet publishers, having access to appropriate leads, can outperform their competitors by marketing on the basis of customer demands. Lead generators, by providing the publishers with appropriate solutions, make it possible for them to create an ascending flow of income in their websites. Advanced technology used by lead generators can classify the target consumers according to gender, postal code, age, country, and regional code. More information is offered to site visitors through collecting the data of the visitors and reporting their usage.

Having access to these valuable leads mean removing the hidden nature of the user as the most important barrier of strategic activities (Heidarzadeh *et al.*, 2011). For, hidden nature of the user considerably limits the customization and personalization of the advertisement in this medium and this new trend of lead generation make it possible to offer the right message for the right user at the right time and in the right place.

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