••• business-to-business research

Where is this leading us?

Analyzing a B2B magazine's ad inquiries and their relationship to qualified prospects

| By Jim Nowakowski

snapshot

How the Web has affected lead generation for *Buildings* magazine and other B2B publications.

Marketers expect many outcomes from their ad expenditures. Sales, of course, is the primary one. In the business-to-business (B2B) space, another clear expectation from advertising is inquiries. Frost & Sullivan's 2011 Sales Leadership Priorities Survey[1] showed that the key internal challenge to corporations was identifying and qualifying high-potential prospects – which are born as inquiries.

However, despite all of this money being spent on ads to generate these inquiries, no one really knows ultimately what an ad really does in terms of producing inquiries, nor what the expectations should be regarding how many of those inquiries will turn into prospects.

True, telemarketers have their "yes-to-no" call ratios, and in many cases, we can count leads. But in B2B, it's more complex because of the two- and three-step distribution systems. Many times, B2B companies cannot define the real customer, much less figure out what to do with the inquiry from people who may or may not be the real customer!

Over the past 20 years, our studies of advertising ROI performance demonstrate this fact: It's not producing the inquiry that's the problem; it's what you do with the inquiry once it's produced to turn it into Frost & Sullivan's "high-potential prospect."

The challenge is that the Internet changed our notion of "inquiry." Terms like "clicks" or "hits" or "visitors" have confused what was once pretty clear: someone expressing an interest in a product. Indeed, the latest term is engagement, but what's that? Just becomes someone Likes you on Facebook, is that a high-potential prospect?

In B2B, we face what is called "considered purchases." That is, people look at advertising but don't make an immediate decision. They gather facts, weigh options and then make the decision. It's complex and it's becoming increasingly so because of the Internet, which helps people do even more research up front before any purchase. Indeed, one might argue that what B2B has always done is being done now by consumers

conducted more than 50 random interviews on individuals within the file to provide a qualitative understanding of lead behavior[2].

Table 1 demonstrates the source of leads via the channel they came through. Note that prior to a tactic like e-response or the advent of the Internet, all the inquiries would have come through the mail. In both cases (now and then), a reader could have still called an advertiser, but the publisher would never know that.

AIM studies have documented the shift: As channels like e-response are created, mail inquiries drop. People's level of interest stays the same; it just moves to a different channel.

In fact, in all of AIM's work, it's been shown that advertising inquiries in magazines generally come from 6 percent to 20 percent of a magazine's circulation via the reader service card, depending on the audience. In other words, 80 percent or more of a magazine's circulation is using a channel other than reader service to inquire on an ad, if they inquire at all!

Conclusion No. 1: The number of inquiries has, relatively speaking, remained the same; only the channel has changed.

themselves – searching and researching and comparing on even commodity items.

Are inquiries being produced as a result of advertising in the B2B space? Have inquiries dropped because of the Internet? If I can get over 500,000 impressions in Facebook for $100, why should I spend $10,000 on a one-page ad in a trade publication?

These are only a few of the questions plaguing advertisers in the B2B space. Our most recent investigation tried to answer these questions and this article is a summary of those findings (the complete report is available at http://goo.gl/cmj7k).

Make better conclusions on their ROI

The purpose of our study was to explore inquiry and lead generation in *Buildings* magazine and demonstrate the Internet's impact on inquiry generation with the idea of helping advertisers make better conclusions on their ROI from advertising.

Buildings was selected because it is the premier magazine read by building owners and managers. More than 72,000 CEOs/owners/partners, vice presidents/directors of facilities, directors of real estate, directors of construction and more comprise its circulation.

We asked Tony Dellamaria, the publisher, to provide us with a year's worth of inquiries from the following channels: e-response (generated from monthly e-blasts); fax (generated from faxed-in print cards); Internet (generated from online Web inquiry cards); mail (generated from mailed-in print cards).

What was not known (nor ever known) is how many leads go to advertisers directly from the advertising (that is, readers who visited the Web site of the advertiser or the microsite created by the advertiser to track response, or those who faxed in requests). In addition to the study of this file, our firm, Accountability Information Management (AIM),

Still a powerful force

Furthermore, the AIM interviews asked a very important question that may shed some light on how people seek information. We generated Table 2 from the question asking readers how they most prefer to get product information and stay up to date.

If the response from "Magazine" and "Articles in Magazines" are added, you can see that print magazines are still a powerful force in how these people get their information. While no one denies the growth of the Internet and its social media channels, *Buildings* readers use the magazine for receiving product information. This doesn't mean they do not subsequently go to the Web site, nor ever talk to a manufacturer's sales rep. It means they are "dialing up" information in many different ways.

How people receive and seek information is important to remember in any discussion on inquiries. For example, AIM studied a magazine for users of mainframe computers and the publication generated an average of three leads per ad. When AIM showed the magazine's sales force that number, there was an outcry. "I can't take that into the advertiser! It's too low!" was the unanimous exclamation. AIM then asked what the average order was on a per-lead basis for the mainframes covered

Table 1: Inquiries by Source from *Buildings*

Inquiries by Source	% of Leads
E-response (generated from monthly e-blast)	43%
Fax (generated from faxed-in print cards)	3%
Internet (generated from Web inquiry card)	4%
Mail (generated from mailed-in print cards)	51%

Table 2: How People Want Information

Channel	% of Response
Online	30%
Printed Material	30%
Magazine	23%
E-mail	18%
Articles in Magazines	5%
Factory Reps	5%
Other*	20%

*Other = contractors, direct mail, electronic, Home Depot, literature, manufacturer, phone, samples, workshops

Table 3: Inquiries and Inserts by Ad Sizes for All Inquiries

Size	% of Insertions	% of Inquiries
Half-page, four-color	22%	23%
One-third-page, four-color	13%	14%
One-quarter-page, four-color	9%	6%
One-sixth-page, four-color	8%	8%
Full-page, four-color	45%	46%
Two-thirds-page, four-color	2%	1%

by the publication. The answer: more than $1.5 million. The room became silent. The point had been made: If each individual lead had the potential to generate a $1.5 million sale, how many "ones" do you really need?

Conclusion No. 2: The potential idea of what is or is not available is extremely important in understanding inquiry numbers and behavior.

Good or bad?

According to our study, 48 percent said they purchased the product they inquired upon; 52 percent said they did not. Is that good or is that bad? It is neither. Another 53 percent said it was "very important" to advertise in *Buildings*; 34 percent said "extremely important." None of the people we interviewed thought that advertising was unimportant!

A facility director for a large assisted-living residence told us: "Advertising in major trade publications gives manufacturers and service providers more credibility." Did he purchase the product he inquired on? No. But, he said, "I do my product research on things I see advertised and then recommend to the CEO/owner products for capital improvements. At certain levels, I buy what is needed." This is the essence of the inquiry in the world of B2B.

Further evidence of inquiry interest is in the analysis of inquiries to ad size. While virtually all publishers would prefer and stress larger ad sizes, Table 3 shows something they might not like to see.

There is almost a 1:1 ratio between the number of insertions to inquiries. Table 3 demonstrates this for *Buildings*, but this has been reflected in virtually all magazines AIM has studied. In other words, for every ad in any size that runs, there is a corresponding percentage of inquiries produced.

Conclusion No. 3: Regardless of size, an advertiser can expect inquiries by running ads.

Three behaviors

One of the real benefits of advertising is the non-inquiry. In other words, not everyone who sees and reads the ad inquires. There are basically three behaviors that a reader can take when an ad appears: seeing, reading and acting (which includes ignoring, which is a behavior in itself). The first break in the cycle happens when the reader does not even see the ad.

Table 4 shows the overall percentages of "seeing" scores – people who report seeing an ad – based on ad sizes. Note that clearly, the differentiation is the size of the ad. The more seers you want, the larger size ad you should run. The number of seers, therefore, helps you understand inquiries further. That is, without seeing the ad, you'd never inquire. By default, the higher number of seers, the more potential your ad will have to produce inquiries.

By the way, if your ad generates no inquiries, you probably have a problem with the creative if the

Talk to me

With the *Buildings* study, part of the intent of our research was to help advertisers better communicate, reach and target important audiences. After all the other rich data we gathered, our final question of *Buildings* readers was: "What's the best way to reach a person like you?" Their responses? E-mail – 53 percent; phone – 44 percent; mail – 8 percent; other – 22 percent. ("Other" includes "articles, fax, Internet, links to a live person, magazines, newsletters and product literature.")

Remember "reach" means contact – the way they wanted to be contacted. It is extraordinary when you think about it, isn't it? These readers are reachable, not through one method but all methods. Thus, for *Buildings* advertisers, when an inquiry is generated, the best way to reach these people is with a phone call or an e-mail, which we have proven year after year for our other clients as well.

Table 4: Average 'Seeing' Scores and Number of Seers Based on Buildings Circulation

Size	Average Seeing Scores	Potential Seers
One-quarter-page	24%	17,587
One-page	41%	30,044
Spread	54%	39,570
Spread with BRC	67%	49,096
Six-page insert	77%	56,424

Table 5: Analysis of *Buildings* Leads

	Number of Companies	Ads	Average Insertions	% of Leads	Avg. Ad vs. Overall Ad	Overall Share Per Company vs. Average Share per Company
1 Group	11	95	8.6	25%	54%	178%
2 Group	19	143	7.5	25%	0%	65%
3 Group	28	120	4.3	26%	27%	12%
4 Group	66	154	2.3	24%	-8%	-53%

target audience is, in fact, your target. It is very rare for an ad not to produce a single inquiry.

Habits change continually

Reading habits change continually, especially with social media. Today, with the Internet, texting and TV, people skim what they read more than ever, making it harder for an ad to hold attention. Perhaps more important, the "need for speed" has diminished reading comprehension.

People read to do one of two things: to gain something or to protect what they have. Therefore, what must exist first is the interest in the topic being presented. The fact that this interest cannot be measured per se is one of the reasons for qualified circulations. Publishers gather similar people with similar interests around a topic and publish a magazine geared to those people. Advertisers put their messages in that magazine to reach "the right people."

The act of reading is not related specifically to the size of the ad, however. On a ratio basis, a smaller ad can have a higher readership than a larger ad. What a small ad does not do, though, is attract more eyeballs!

In essence, people respond because they have a need. Like Pavlov's dog, a bell rings and they are urged into action. Response to stimulus is an ongoing problem to advertisers, which is why the advertising world is under siege. Frankly, there are too many different bells that can ring. Given the customizable options in play today, advertisers can change the tones of those bells at will – and the customers and prospects may never know it.

The advertiser has a huge dilemma: Which bell do you ring and when? Some clues can be found in the research published on these topics. Figuring out why people respond includes understanding their hot buttons and the timing of the offer more than how the sale is presented. But to generate any kind of response, the advertisement has to be seen and read; otherwise, nothing happens.

Therefore, understanding why people respond requires an examination of what gets ads seen and read, as well as the follow-up to the response. In other words, a study of inquiries and why they respond is the best way to measure response.

Reshaped lead generation

The Internet has dramatically reshaped lead generation – not the quantity, but how inquiries are made and followed up on. In this age of engagement, advertising itself has become frowned upon in social media circles. Indeed, get caught advertising and you could lose your followers! Yet this too is changing, as Facebook and Twitter move to understanding advertising and its revenue power.

These new platforms disrupt traditional channels and change the way the game is played. For example, advertisers complain that they receive fewer leads and many publishers explain that lead generation has fallen off since the advent of the Internet. But have leads really dropped off? Or has the channel of the inquirer changed?

Between 2007 to 2008 in one of the leading magazines we studied, direct responses to advertisements dropped 11 percent. But, the bonus leads that the publisher gave to advertisers (bonus leads are inquiries expressing interest in a category, not a specific advertiser) increased 21 percent from the previous year. The net effect was 10 percent more inquiries.

So why do advertisers and publishers say inquiries are dropping off? We respectfully suggest it is the lack of follow-up on what the inquirer wants. In the "need for speed," advertisers simply don't follow up and take the time to talk with the inquirer. They send them "stuff" and cross their fingers.

AIM conducted a comprehensive follow-up study on reader-service cards in one magazine. AIM circled every number using four separate cards (to avoid the publisher throwing out our cards as a hoax). Here are the results of that study for your consideration:

- 30 percent of the advertisers responded to the request for information. That means 70 percent paid no attention to the request.
- The average response time for the 30 percent who responded to the request was 37 days.
- The average creative costs for the print material received was estimated (at $1,500 per page, conservatively) to be $113,152 each.
- The total estimated creative costs for the 30 percent who sent materials? $2.5 million – not including printing.
- After the initial fulfillment, three of the 82 companies sent follow-up material. Only 4 percent did any follow up!
- AIM lost $92. Some of the advertisers charged a nominal fee for what they offered. Personal checks were written for this material, which was not received. What should people think after that experience?

AIM repeated the experiment a few years later with similar results: Although response had risen to 40 percent, the average days to receive literature climbed to 44 days. Can you wait 44 days for anything?

More freedom

One reason for the lack of follow-up is that the Internet gives readers much more freedom to visit the advertisers directly online. In the past, besides circling reader-service numbers, prospects could call or fax an advertiser. Today, the prospect can also hop online and visit the advertiser's Web site, Like them on Facebook and do any other number of contact points. This puts the responsibility on the advertiser, not the publisher, to track lead activity.

Table 5 shows an analysis of inquiries divided into quartiles based on total number of inquiries (total leads/4 = 4 groups, each with equal totals of leads). In other words, the total inquiries were ranked highest to lowest in terms of inquiry generation and then sliced into four even pieces so each quartile had the same number of leads.

Immediately you see something interesting: 11 companies control 25 percent of the leads. These 11 companies did only one thing different than the other groups: They ran more ads from a per-company point of view. Their average insertion rate was 8.6. The reward for this? They not only control 25 percent of the leads coming from the magazine, their average number of leads per company compared to the other companies in the magazine was 178 percent higher. Talk about a return on your investment!

In this age of information overload, this is a testimony to the fact that people do read and respond through a reader service card. Because AIM had clients in that group of 11, the follow-up of the leads determined that every one of the responses had something to "offer" the client, whether it was new specifications or samples.

A careful study of Table 5 will also reveal that "playing" with advertising isn't worth it. If an advertiser can only afford running one or two ads, the company is better off doing something else with its money.

Publishers will not appreciate hearing that but the facts speak for themselves. Data is a powerful tool for making – or breaking – the arguments that advertisers face. It's well worth the effort to analyze advertising data to uncover the truths, rather than stick by unsupported assumptions and hunches of what works.

REFERENCES

[1] Frost & Sullivan, 2011 Sales Leadership Priorities Survey Results, in cooperation with Selling Power. October 5, 2011. http://goo.gl/jO68Y

[2] The number of interviews needed to be assured of some certainty when qualitative research is done is n=30. Peter DePaulo, in the December 2000 *Quirk's Marketing Research Review*, wrote about the sample size. In addition, George Gaskell in *Qualitative Researching* wrote and discussed the number 30 extensively. Combined with our long history of studies, we felt confident we would help advertisers understand inquiries better, and, therefore, the advertising investment, with this number.

Jim Nowakowski is president of Accountability Information Management Inc., a Palatine, Ill., research firm. He can be reached at jim@interlinegroup.com.