

3. Executive Summary and Highlights

This **Online Lead Generation (B2C) Report 2008**, produced by E-consultancy in association with Clash-Media, is based on a survey of 600 digital marketers carried out in May 2008.

This report follows a similar survey-based study carried out in 2007, enabling insightful year-on-year comparisons. The focus of the research is business-to-consumer (B2C) marketing rather than business-to-business (B2B).

Online lead generation is about using the internet as a way of getting contact information for qualified prospects. These leads can be generated by a number of methods including search engine marketing (both natural and paid search), email marketing and the use of online aggregators.

The key findings of the research were as follows:

3.1 Growth and Importance of Online Lead Generation

- The vast majority of those surveyed see online lead generation as a **growth area** (94%), significantly up from 82% last year. This figure rises to 97% for both European (non-UK) and North American respondents.
- Almost three quarters of respondents (74%) said that they see online lead generation as its own **distinct area** of online marketing, a significant rise compared to 2007 when the equivalent figure was 64%.
 - North American respondents are most likely to see this type of marketing activity as a distinct area.
- The vast majority of both company respondents (82%) and agency respondents (85%) are expecting online lead generation to be **more important** to their own or their clients' organisations over the next 12 months
- Since 2007, the proportion of company respondents who believe that their organisations are **effectively exploiting** online lead generation as a way of growing their B2C business has decreased from 44% to 41%.
 - Company marketers from North America believe their organisations to be more adept at online lead generation than their European counterparts. More than half of North American company respondents (56%) say they are exploiting online lead generation effectively, compared to 37% for UK marketers and 38% for the rest of Europe.

3.2 How Companies Generate Consumer Leads

- **Press** (i.e. newspapers and magazines) is still the most commonly used offline method to generate consumer leads (65% of organisations). This figure has gone up from 61% in 2007.
- However, there has been a decrease across-the-board in the proportion of responding organisations viewing a range of offline methods of lead generation as “very effective”.
- **Natural search** (79% of respondents), **email marketing (in-house lists)** (75%) and **paid search** (71%) are still the three most commonly used online methods for lead generation. The use of in-house email marketing lists is the biggest climber, from 71% last year to 75% this year.
 - The biggest fallers are **affiliate marketing** (from 50% to 43%), **email marketing - rented lists** (from 33% to 28%) and **viral marketing** (from 35% to 22%).
- Overall, online methods for generating B2C leads are typically regarded as more effective than offline methods. More than half of company respondents (52%) said that **natural search** was “very effective”. Just under half of respondents (48%) said that **paid search** (PPC) was very effective.
 - There has been a 4% increase in respondents saying that **SEO** is very effective but a 5% decrease for **PPC**.
- **Email marketing (in-house lists)**, **online aggregators** and **shopping comparison sites** are deemed to be very effective by 40%, 27%, and 26% of company respondents respectively. The equivalent figure for both **rich media** and **affiliate marketing** is also 26%.
- **Viral marketing** was deemed to be very effective by just 16% of respondents, significantly down from 25% in 2007.
- Two thirds of company marketers believe that investment in **natural search** (SEO) is “very good value for money”, making it the most cost-effective channel for generating B2C leads.
- **In-house email marketing lists** are also regarded by more than half of respondents (52%) as being very good value for money. This method compares favourably to **rented email lists** which only 16% perceive as offering very good value for money. Some 41% of respondent regard rented lists as “poor” value for money.
- Half of company respondents believe that **online display advertising** (50%) and **rich media** (48%) are poor value for money,

3.3 Lead Generation Budgets and Measurement of Effectiveness

- According to company respondents, a greater proportion of lead generation budget is being spent on **online** (on average, 53%) than **offline** (44%).
- Compared to 2007, **PPC** is getting a bigger proportion of online lead generation budgets even though **natural search** is perceived to be better value for money, according to company marketers.
 - PPC now gets a third of this budget (33%) compared to 28% in 2007. Meanwhile, SEO now only gets 15% of the budget compared to 18% last year.
- Companies are now investing more in their **in-house email marketing**. The average proportion of budget devoted to this has increased from 10% to 15%.
- Many companies are still struggling to measure the effectiveness of their online lead generation activity. Some 28% of company respondents say they are “average” at this and a further 11% say they are “poor”, up from 8% in 2007. A further 3% say they are “very poor”.
 - A third of company respondents say that they are either “excellent” or “good” at this, the same proportion as last year. However, the percentage of those saying they are “excellent” has gone down from 11% to 7%.
- Companies continue to wrestle with a number of pain points when it comes to measuring the effectiveness of their online lead generation activity. The main issues are:
 - Difficulty of tracking leads through to conversion in a multi-channel environment
 - Lack of technology or poor technology for online tracking
 - Lack of resources

3.4 Online Aggregators

- Some 19% of company respondents say that they buy lists of targeted prospects from online aggregators, compared to 16% in 2007.
- The average conversion rate for leads acquired from online aggregators is 13%, compared to 11% for the overall average conversion rate of leads generated online.