



# What are Internet Leads and Why Should I Buy Them?





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and Why Should I Buy Them?

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## **Background**

#### Kaleidico

Kaleidico, LLC is the leader in on-demand, online lead management and lead distribution software. Kaleidico provides mortgage, insurance, education, and business-to-business sales teams with solutions proven to increase sales. Kaleidico has facilitated the management of millions of sales leads and enabled the closing of billions in sales. Kaleidico provides instant web-based access to sales advantage at <a href="https://www.kaleidico.com">www.kaleidico.com</a> and 866-667-5253.

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Bill Rice is CEO and co-founder of Kaleidico a technology innovator in sales and marketing management solutions. Before founding the organization, Rice was vice president of home equity and corporate programs at Quicken Loans.

As an entrepreneur, Rice has been involved in various ventures in multiple industries. Ventures include DeepGreen Bank, an entirely automated online home equity bank that was acquired in 2004 by LightYear Capital; Iridium, a Motorola-backed venture delivering global satellite-based telecommunications; and TASC, acquired by Litton-PRC and subsequently Northrop Grumman, an innovator in information operations technologies.

Rice earned his MBA at the University of Phoenix and has a Bachelor of Science degree in political science from the United States Air Force Academy.



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## **Anatomy of an Internet Lead**

The most basic elements of an Internet lead are simple in concept, but ultimately much more complex in execution and success. At the core of every Internet lead are three simple ideas: a web **form**, an Internet **location**, and consumer **traffic**.

Making each of these elements work together effectively to produce the right quantity and quality of leads is the complex part of the equation. This is also why you should probably buy Internet leads. After all, selling products and services is the primary driver of your business (i.e., mortgage, real estate, insurance, education, network marketing).

#### Form

If you have spent any time on the Internet you have met up with the classic web form. Forms are simply a mechanism to collect information. In lead generation, it is the fundamental building block of a lead--consumers needs and wants. Once collected, these data elements can quickly be evaluated, sorted, and matched to various buyers. Sales organizations, teams, or individuals matched based on their product and services fit to the consumer(s)' needs or wants.

#### Location

When we discuss location on the Internet we are generally talking about a web site, web page, or position on a web page. Like real estate, when we are talking about lead generation it is all about location, location. This single element within the construct of an Internet lead will have the single largest effect on the convertibility of a lead.

#### **Traffic**

Once the form is in place and the location chosen the age-old question becomes, "Will they come?" No. As a general statement, the Internet is already to endless a landscape. Attracting interested consumers without a method to gain their attention is impossible. These mechanisms are numerous. The techniques, used to generate or drive traffic into a location and ultimately a form submittal, exist within a broad spectrum of effectiveness and integrity.

#### **Internet Leads**

We will analyze each element within the creation of an Internet to help you learn more about Internet leads, what to look for in buying, and how they can be a powerful part of your business. This analysis will start from the bottom, at the form, and work up to the consumers themselves. All along the way pointing out how each element and technique potentially effects your sales process and opportunity.



#### **Form**

The web form is nearly as old as the web browser, giving people an easy and consistent way of submitting information to a web page. The simplicity and familiarity of the form to Internet consumers has made it the foundation of a growing lead generation industry.

Understanding how this simple concept is used to collect and segment consumers can improve your lead buying decisions and sales processes.

#### Design

Believe it or not, how a form is designed and what it says can ultimately effect the lead it produces' convertibility.



Imagine for a moment your experiences as an Internet consumer. Typically, the more interested you are in a purchase the more information you are willing to provide. And regardless of your interest level you certainly need to understand why you are providing the information.

Form design is a careful blend of:

- √the right information request(s),
- √ clear messaging of why the request(s) are appropriate, and
- √ foreshadowing of expectations or next steps

Too many or seemingly irrelevant requests will reduce submit rates. Too few or irrelevant requests can cause both the lead buyer and the consumer to become confused as to what is needed. And of course, forms that are not clear in setting expectations of the next steps will also produce confused or worse negative consumers.



#### **Short Forms**

The shorter the form the less an Internet consumer needs to do, which may lead to less commitment to the process. The short form may produce more volume and submits, but certainly opens the funnel to consumers with less intent to buy and less motivation to respond to sales follow-up.

However, often times a carefully crafted short form can give you all the relevant information necessary to start a good sales conversation. If you can serve a broad geographic and product mix, a short form can give you the same quality at a much lower price.

So, if you are buying short form leads here are a few quality checks:

- ✓ sufficient data points to segment for your product mix
- √ it is clear someone will contact them
- the offer is appropriate to your products and services

# Whole Life Insurance Quotes Want an Insurance Quote from Ltz Patterson at Alistate? Its single... Answer the following questions and clock the "Get Quoted" button. Your information will be immediately and securely sent to Ltz Patterson. \*Required Information \*\* Utal Insurance Companies Cirty \*\* Required Information \*\* Last Name \*\* Email \*\* Phone (Day) \*\* Phone (Evening) \*\* Phone (Evening) \*\* Phone (Evening) \*\* Phone (Evening) \*\* Oy our Whole Life Insurance Information \*\* This is foo easy! 1. Complete Form 2. Get Matched with Agents 3. Get Quoted! \*\* Visitor \*\* Testimonials \*\* Ciry \*\* Vour ske is the the most height and insightful family and insightful famil

#### **Long Forms**

A long, multipage web form can be cumbersome and frustrating to even the most savvy Internet consumer. This can make it challenging to get a consumer to provide all the information we might want for a complex transaction (i.e., mortgage or

insurance). However, if you do get a submittal on a long form chances are the consumer will be more responsive and closer to a buying decision.

The natural tendency, for long forms, is to have a much lower submit rate that inevitably results in a much higher price per lead. Therefore, if you are buying long form leads it is critical to monitor your economics (i.e., return on investment) and establish very accurate filters to match your products.

The last point bears repeating and highlighting--long form leads will be expensive--so, make sure you:

- filter for serviceable geography
- √ filter for qualification attributes
- ✓ properly forecast sales capacity to lead volume
- ✓ analyze and optimize!





#### **Efficacy**

This million dollar word needs to become a part of your everyday Internet marketing vocabulary because it is critical to sales success.

Efficacy: the power to produce an effect

Can the submittal of the form produce the offer that induced that submittal? If you are buying an Internet lead remember you are not making the initial offer to the client. Make sure you know what that initial offer generally looks like. Make sure that you can meet the expectations of that offer or you will be in for a very long, expensive battle to regain the consumer's trust and confidence.

Did they fill out a form for a free iPod or a mortgage? Less extreme, are they looking at comparable home prices in a new area or have they picked out a home and are now looking for financing? These two scenarios are worlds apart in sales time and process. Both are convertible, but only when handled to produce the effect the consumer expected.

Do not buy Internet leads from someone who will not show you samples of their offers and their forms. Here are some things to look for:

- ✓ is the offer reasonable?
- ✓ is the form a registration for one or multiple products (co-registration)?
- ✓ is it clear to the consumer that their information will be provided to third-parties?

#### **Sales Affect**

We have dissected the anatomy of an online form and all of its potential affects. Some techniques net positive results and others negative. However, the most important thing to understand is how it will ultimately affect your lead buying and sales production.





So, let's turn it into actionable information. When considering lead buying and sales process design consider these four primary factors and then continually evaluate for the optimal blend:

- Contact Rate
- ✓ Conversion Rate
- ✓ Lead Volume
- ✓ Price

This is certainly not a complete set of metrics, but it will allow you to easily see the potential tradeoffs. Now, prioritize which factors are most important to your business. This simple tool illustrates the typical sales tradeoffs in form design:

Form Design	Contact	Conversion	Volume	Price
Short	lower	lower	higher	lower
Long	higher	higher	lower	higher
Efficacy	higher	higher	lower	neutral

Never underestimate the opportunity to capitalize on a good lead providers expertise in arbitraging some of these tradeoffs. For example, a capable short form lead provider may be able to get you sufficient contact and conversion rate at the right price, significantly increasing your ROI over a higher converting long form provider.



#### Location

Much like real estate, making money and getting results on the Internet is all about **location**, **location**, **location**. Where your web forms and offers are located is a significant determinate of not only submit rate, but also sales convertibility. Where a consumer meets an offer or form can be indicative of these primary lead conversion factors:

- ✓ Awareness: Is the consumer aware they are entering into a buying process?
- Intent: Is the consumer really considering a purchase?
- ✓ Match: Is the consumer a match for my product or service?

#### **Web Site**

Many lead providers will build the foundation of their lead generation platform around one or more web sites. This generally implies a domain name and rich content focused on topics relevant to the consumers you want to sell to.

Here are some notable examples:



Source: bankrate.com



Source: lendingtree.com



Source: zipsearch.com



The advantage to many of these types of lead providers, and the leads that they generate, is that they are building a deep and trusted relationship with the consumer. A relationship that often forms trust and results in multiple transactions. Two significant factors in an increasing your sales success with the lead.

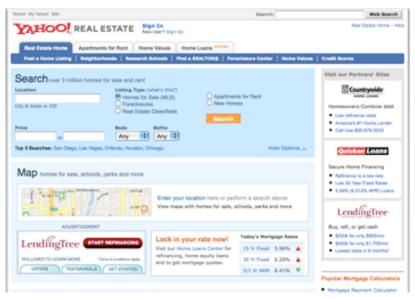
#### **Web Page**

Other lead providers rely more on the immediacy and flexibility of acquiring premium location(s).

This offers advantages for niche or cyclical lead generation. Lead providers buying strategic placement on popular web sites can often react to market events and news. For example, gaining placement on Wall Street Journal Online when the Federal Reserve announces rate changes or on Yahoo!Finance as new FHASecure legislation is passed.

However, most of these techniques are used to simply to generate high lead volumes sustained by buying placement within established consumer destination sites like MSN, Yahoo!, and major online news venues.

Here are some examples:

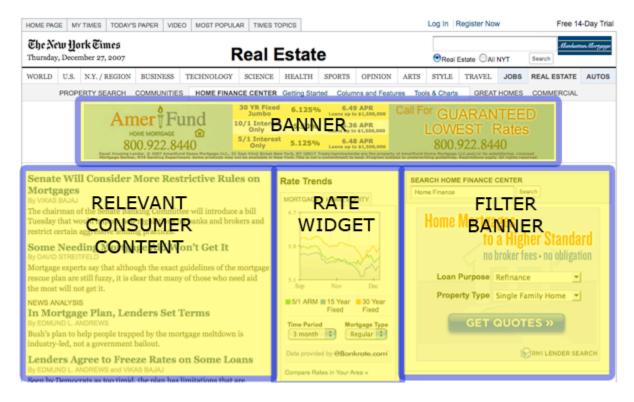


Source: Yahoo!Real Estate

Source: Yahoo!Sports



Here is another example that illustrates several techniques used by lead providers, and in some cases lenders, involved in paid placement to generate leads.



Source: New York Times

#### Things to look for in this screenshot:

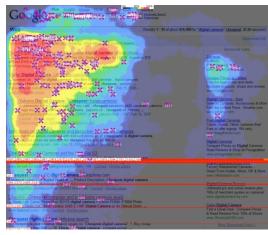
- √ Strategically placed next to consumer mortgage news
- ✓ Use of banner and "sample" rates and offers (by AmeriFund, a lender)
- ✓ Use of market information and rate widgets (by Bankrate.com, a publisher and lead generator)
- ✓ Use of a traditional segmentation banner (by Root Markets, a lead exchange)



#### **Page Position**

Once a lead provider has established one or more locations or combinations of locations it becomes about position. It is well documented that Internet consumers do not read or linearly follow a page. They skip and browse based on reinforced patterns and attractors.

Eye-focus heat maps are a typical method of assessing the premium page position on any web page. These heat maps track and record a user's eye location and time focused on a location. Although this only one example, it is a very typical pattern. Consumers are conditioned to expect the most important information in the upper left-hand corner, scan for detail down and left to right, and seek potential special interest items in the right sidebar.





Consequently, you will see most publishers and advertisers set up their lead generation efforts to capitalize on this predictable behavior.

The lessons are well executed in this lender's home page. Follow the obvious lead generation pattern of this page: Clear obvious offer in the upper left-hand quadrant, detail directly below, desired action in the right sidebar, and finally trust and credibility content below the action (contact form) and in the footer to reinforce the action.

#### Intent from location

As we discussed location, most of the conversation was about gaining consumers' attention. This attention is a significant factor to lead generators' volume, but not necessarily to your conversion. Gauging consumer intent is far more useful in buying the right leads and creating an effective sales process to convert them.

This intent can largely be surmised from the content and the depth of navigation.



FHA Loan Guidelines for HUD Mortgage Loans: FHA purchase or refinance with a low down 30 Year Fived

0.000 points

mortgage company

or HUD / FHA.

specializing in fha home

loans and is not associated with the federal government

PROMOTIONAL OFFERS

-- \$175,000 for \$784 / month -- \$200,000 for \$896 / month

15 Year Fixed

0.000 points

#### Context

The content and copy on a page is largely what attracts a consumer to a particular location. Consequently, if you are looking for professionals seeking higher education opportunities then it follows you want your lead to have been generated from a page about finding a college or new career.

Context can also be valuable in filtering your leads to more closely match programs you offer. If you have just been approved as a FHA lender you would rather get a lead from the FHA website/page, like the one on the right, than a website that attracts general subprime, refinance consumers.

Likewise, a borrower that is generated on a specific research site like <a href="https://www.fhaloan.com">www.fhaloan.com</a> or a vertical real estate search engine like <a href="https://www.retrove.com">www.retrove.com</a> are more likely to have done their research and are now approaching a buying decision.

#### **Depth**

Much like context, the depth of the consumers visit can give you clues to the consumer's intent to buy. Leads generated from a banner on the front page of MSN or Yahoo! are much less likely to be immediate buyers or borrowers compared to ones generated within the Finance or Mortgage see

buyers or borrowers compared to ones generated within the Finance or Mortgage section of the same website.



The same level of depth can somewhat be achieved by filtering these high-level page location submits (i.e., front page of Yahoo!) through a segmentation banner like this one used by Root Markets on New York Times Online. Unfortunately, each click endangers the final submittal and each step that requests more information, without adding value, can be frustrating to the consumer. This is why content relevant destination web sites like <a href="www.lendingtree.com">www.lendingtree.com</a> or <a href="www.lendingtree.com">www.bankrate.com</a> often yield much more productive leads.

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GET an FHA LOAN

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FHA Adjustable Rate FHA Adjustable Rate Graduated Payment Growing Equity Energy Efficient Condominium

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guidelines. We have all the information to take care of your FHA mortgage research needs. With no income limits or credit scoring,

many people who can afford the monthly mortgage payments and

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loans that we can assist you in getting. Let us help you get an FHA

have reasonable credit will qualify for an FHA mortgage.

Good

Loan Type: Select a Loan Type
Type of Home: Select Home Type

mortgage loan at the lowest possible rates.

#### Sales Affect

We have learned more about how location effects a lead. How might we adjust our sales strategies to capitalize on each of these various types of leads?



The design of your sales team can correct for location deficiencies. Here are some techniques for common locations:

- ✓ High-level, high-volume media buys (i.e., MSN, Yahoo!, etc.)--Telemarketing, contact, or hot-transfer teams to triage and pre-qualify leads
- ✓ Lack of contextual depth (i.e., paid position and search)--Scripts designed to quickly introduce your company, educate, gain credibility, and create trust

As you consider location in your lead buying determine how the lead provider locates their lead generation methods and then to adjust your pricing strategies and sales techniques appropriately. Below, is a simple chart of considerations.

Location	Contact	Conversion	Volume	Price
Web Site	higher	higher	lower	lower
Paid Position	lower	lower	higher	higher
Contextual Depth	higher	higher	lower	higher



#### **Traffic**

The web form and a premium location are key elements to developing a productive sales lead, but it is all for naught without traffic. Although it is generally held that enough traffic will yield some acceptable leads, the right traffic will yield premium leads.

#### **Organic**

Unquestionably the most convertible web lead is one that is generated out of the natural (organic) flow of consumer interest to a website. This natural traffic can be generated in many way, but generally is driven by the combination of relevant content and search ranking.

Interestingly enough, although often held with a negative connotation, some of the best organic mortgage traffic generation positions are held by top affiliates. Here are some examples representing key terms like mortgage, mortgage broker, FHA, and For Sale By Owner (FSBO):







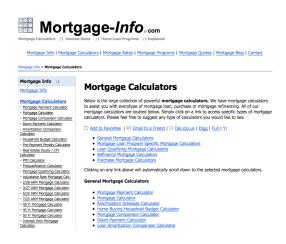
**Source**: personalhomeloanmortgages.com

Source: mortgageloanplace.com

Source: forsalebyownercenter.com

The challenge with organic traffic is that it often takes years to age a domain (web site), build high quality links (web referrals), and fresh relevant content to bring significant organic traffic. This is one of the primary reasons you should buy leads.





However, a combination of a content rich web site or (increasingly) blog with some of the innovative techniques can speed the organic lead generation process. For example, the latest trend is the use of widgets that are syndicated (using simple cut 'n paste javascript) to add useful content to other sites while providing links back to the creator of the original tool or data.

To the left is one example of this technique. <u>Mortgage-info.com</u> provides free mortgage calculators for lenders to use on there own sites.

#### **Paid**

There are a variety of ways to pay for traffic. Paid search is the most visible due to the popularity of Googles AdWords, but there a numerous effective paid traffic methods. Here are some examples:

- ✓ Search: Google, Yahoo!, MSN and other major search engines allow for the competitive purchase of search keywords and phrases
- ✓ Ad Placement: Popular, relevant web sites may allow for the purchase of advertising space on their various web pages. These ads look much like you may find in a newspaper or magazine
- ✓ Text Link: Increasingly popular is the purchasing of a text hyperlink on a popular web site. Sometimes the link is even embedded in relevant content about your product or service
- ✓ Affiliate: Often as simple as a paid text link, but as you saw in the previous section often these are content rich websites design specifically to drive relevant traffic to affiliate host(s)
- ✓ Post: A somewhat controversial method is the purchase of bloggers to post your ghost-written endorsement of your product or service





#### **Email**

This method is often seen in a derogatory light because of its overwhelming abuse by spammers. However, despite the abuse it is still one of the most powerful marketing tools. Like Seth Godin (a notable permission marketer) says, a well developed and maintained email list changes your business from **finding customers** to **finding products and services**.

Email traffic generation can take on a variety of forms with a wide range of results:

- ✓ Subscriptions: consumers have subscribed to routine content, often a newsletter or alerts
- ✓ Special content: consumers register or take an action to gain access to special content (i.e., white paper, analytical report, or data)
- ✓ Incentives: Usually on a limited campaign basis that includes some form of incentive or offer for an action
- ✓ Co-registration: Again, a typical campaign-based program that cross-registers consumers to other lists based on their registration to one. Often the co-registration permission given because of an incentive and may be irrelevant to the original registration purpose

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Be cautious of any sort of incentive or co-registration lead generation practices within your lead buying. Not only are the leads typically less responsive and convertible they are also often loaded with deceptive methods and increasingly legal entanglements.

Also be very cautious of buying your own email address lists. The advent of the CAN-SPAM Act can make your innocent first attempts to use email campaigns very expensive with penalties and fines. The best way to utilize email to generate leads is through a reputable provider who has developed a well maintained, organically grown email list. Another option is to purchase placement within a variety of popular email newsletters that you think are read by your target consumer.



#### **Sales Affect**

Determining the traffic generation methods that produced your leads is going to be one of your toughest challenges. It is typically the core of your lead provider's competitive or proprietary advantage. Yet, it is critical information to your purchase decision and your sales process.

This is a quick guide to what these various methods mean to you in sales:

Traffic	Contact	Conversion	Volume	Price
Organic	higher	higher	lower	higher
Paid	lower	lower	higher	higher
Email	lower	lower	higher	lower
Incentive	lowest	lowest	higher	lower

Your ideal situation is an organic, content relevant lead. Unfortunately, that lead is difficult to target, small in quantity, and very expensive. Your best strategy is to carefully select lead providers who are efficient at capturing (lowers price) their paid traffic and competent at filtering (increases quality) in the most relevant consumer inquiries.



# Why Should You Buy Internet Leads?

We have spent a lot of time learning what Internet leads are and how they are generated. Why not just do it yourself? That is an important question and should not be answered hastily.

You should try generating some of your own leads for a few good reasons:

- ✓ When you buy leads you generate knowledge of your company and it creates secondary traffic. Make sure you are effective at capturing this "splash" traffic
- Allows you to effectively harvest past and current clients
- Creates an additional business asset
- Allows you to buy leads in a more educated way
- Gives you an appreciation of how hard it is

Here is an example of a lender doing a good job of buying leads and using lead generation best practices. Let's follow the potential "splash" traffic pattern:

# **Total Mortgage** paid listing on Bankrate.com



# **Total Mortgage** organic result on Google



# **Total Mortgage** website with quick apply, rate search, and calculators



If I saw Total Mortgage listed on <a href="www.bankrate.com">www.bankrate.com</a> or come up in my results on <a href="www.quotematch.com">www.quotematch.com</a> and did not follow through a quick search on Google and a click on apply now would still capture my inquiry for mortgage financing for Total Mortgage.



#### **Expertise**

Your core competency, competitive advantage, and business asset is selling your product or service. Marketing, particularly on the Internet, can be effectively outsourced to produce more and better prospects for your business. Lead generation businesses are operating within their core competency in generating these prospects. They are competitive based on their expertise in driving you highly qualified prospects. Leverage this expertise to grow.

#### **Efficiency**

Regardless of your expertise and knowledge of these techniques and methodologies generating an affordable lead takes efficiency. Lead providers design systems and processes to squeeze the highest volume of relevant leads out of every traffic stream. These systems are very dynamic and maintenance intensive, an unnecessary distraction and resource drain from your core business of sales.

#### Scalability

A sales organization, once an effective sales process is mastered, can scale very quickly. This is very true using Internet generated leads. Therefore, you want sources of marketing that can immediately turn up the volume when your sales engine begins blasting off.

#### Affordability

This is probably the most obvious factor in why you should be buying Internet leads. The techniques we have reviewed throughout this document are very expensive and getting more expensive. The investment in traffic, fresh and relevant copy, and appealing content will quickly break your bank if you are only generating a few hundred leads a month.

A lead you purchase from a lead provider for \$20-\$40 dollars will easily cost you hundreds or even thousands of dollars to produce. This is the leverage of a lead provider's expertise, efficiency, and scale.



# **Quick Lead Buying Checklist**

- ✓ Due diligence the company you are buying leads from: Company website, Google company name(s), Better Business Bureau, Dun & Bradstreet
- ✓ Survey their marketing: Company website, Google keywords, Internet portals or destinations, Popular news sites
- ✓ Ask questions about how leads are generated
- ✓ Ask for examples of lead generation sites and landing pages
- Ask questions about traffic generation methods

#### **Quick Lead Sales Process Checklist**

- Organic or self-generated leads should be prioritized directly to sales force
- ✓ Paid or incentive leads should be contacted or triaged by a low cost telemarketing team
- ✓ Different lead providers or campaigns should be uniquely scripted to the consumers' lead generation experience
- ✓ Closely match sales capacity to lead volume (uncalled leads are guaranteed NOT to convert)





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