

Close-rate analysis

How to more effectively spend marketing dollars **Interviewed by Rachel L. Miller**

As a marketer, you think you have a pretty clear picture of how your company is performing. On average, sales seem strong and your retailers appear to be pulling their own weight. But how do you know for sure? The key to understanding may be closer than you think. By conducting a thorough close-rate analysis, you could identify opportunities and discover how to more effectively spend your marketing dollars.

“Close-rate analysis — comparing the number of sales to the number of leads — is the foundation for measuring success,” says Mark Yuhn, director of customer analysis at Urban Science, a global Detroit-based consulting firm. “Through this type of analysis, you’ll understand the success of your investment in generating leads and will be able to make informed decisions to allocate your funds in the future.”

Smart Business talked with Yuhn to learn more about this analysis and how a marketer can use it to measure many facets of marketing and sales performance — and to see what’s working (and what’s not).

How is close-rate analysis used to determine if you’re spending your marketing dollars efficiently?

It helps a marketer understand results on a distributed basis — by geography, chronology or lead source — so it becomes clear what a company is getting for its marketing dollar.

The media planning agency will use the analysis to understand how leads are generated by source and their cost effectiveness — such as through banner advertising, native Web sites, third-party Web sites and aggregators.

The field sales force will use the analysis to understand the drivers of their retailer’s performance. In the automotive industry, price, inventory, service and CSI could be the cause of poor close rates at the dealer level.

As far as using close-rate analysis to help plan future investments in lead generation, a marketer should review results from pre-



Mark Yuhn
Director of customer analysis
Urban Science

vious efforts, determine what worked well, and focus future efforts there.

What are the characteristics of close-rate analysis?

A thorough close-rate analysis takes into account lead sources, brands, models, regions, dealers and even individual sales personnel. It is also important to understand the intra-brand close rate versus the inter-brand close rate. When a lead closes at another retailer other than the one originally contacted, whether it’s the same brand or a competitor, both marketing and the field sales force need to take notice and understand the causes (and remedies) of such consumer behavior.

Timing is an important part of the analysis. When lead volume increases subsequent to a significant event — like the announcement of an incentive or new model launch — the marketer can use the increase in lead volume as a measure of their program’s success.

Lead status is also an important consideration. Understanding when leads are active, duplicate, expired and closed helps provide clarity regarding what is really happening in the marketplace. With this

knowledge, a marketer can clearly see where improvement is necessary.

A marketer can cost-effectively increase the number of his leads through close-rate analysis. Through this analysis, a marketer is able to view sales as functions of the number of leads. In the end, the marketer will see who’s buying, who’s not ... and it’ll become clear where the company’s future marketing efforts should be concentrated.

After analysis, is there a next step?

Close-rate analysis is important in its own right, but when coupled with other analytic techniques, it becomes an even more powerful marketing tool.

One such technique is lead qualification, which is an integral tool to turn shoppers into buyers. First, leads are scored and ranked on their propensity to result in a sale. To get the score, the lead data is enhanced with demographic data and historical owner information. This information, coupled with past experiences, is used to determine the treatment for the customer. Through this treatment determination process, a marketer prioritizes his resources against those leads that can be positively influenced in the most cost-effective manner. Once the leads are assigned their treatments — the purpose of which is to increase retailer close rates — everything is sent on to the retailers, who have the task of following up. And by performing a close rate analysis, the marketer can see the results of the treatments: Did they result in increased sales?

At the end of the day, lead qualification and close-rate analysis can offer marketers a considerable competitive advantage. Opportunities become crystal clear, and the marketer will realize both tools are indispensable to his retail organization’s success.

MARK YUHN is director of customer analysis at Urban Science. Reach him at (313) 259-9900 or (800) 321-6900. Learn more at www.urbanscience.com.

Insights Channel Marketing is brought to you by Urban Science