

# Cost of a Bad Lead

The Revenue  
Marketer's Guide



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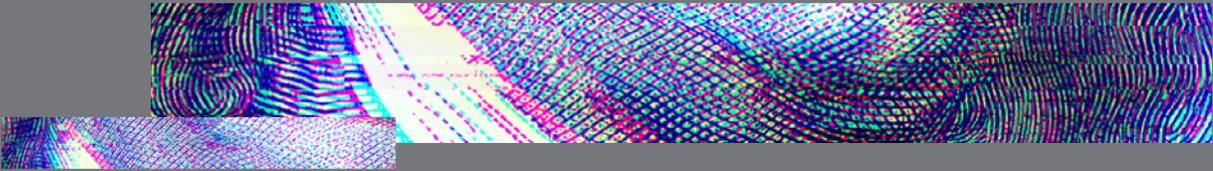
Over the past few years, revenue marketers have been inundated with advice on the quality over quantity debate, particularly when it comes to lead generation. By now, you know that 100 good leads are better than 300 dead leads.

So why do expensive and time-intensive demand programs and campaigns still deliver bad leads that miss the mark? First, because revenue marketers are under pressure to hit KPIs and targets, often within tight time frames, so accepting marginal leads is a reality. Secondly, because a large majority of the leads are generated via a third-party at events, through paid media programs such as content syndication and social media. These inherently can be captured with out-of-date information, inaccurate contact data and/or non-compliant opt-in.

Unfortunately, many marketers and senior leaders are still unaware of the hidden costs and negative impact bad leads have on their business and revenue-generation efforts.

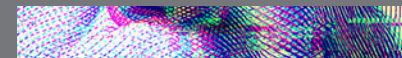
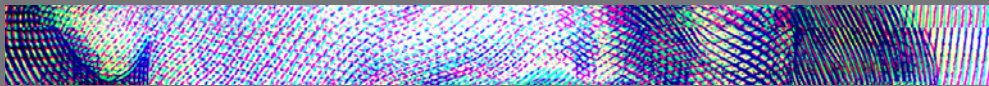
That's why we pulled together this guide and the tools and insights to help you squash the marketing bad data problem. In this guide, we'll explore:

- What is a good lead
- What makes a lead bad
- How to calculate the costs of a bad lead
- What are the hidden costs of bad leads



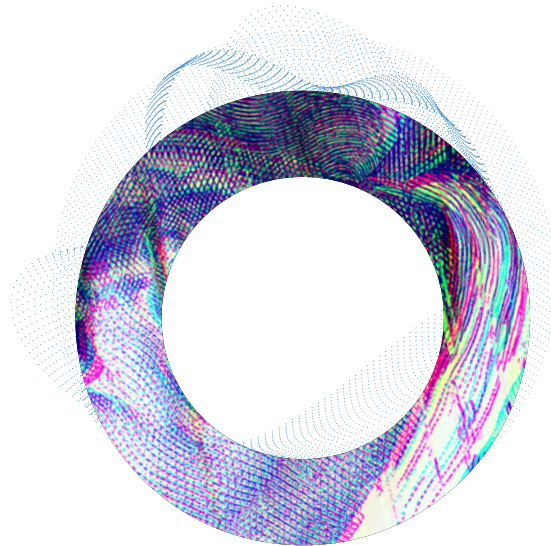
Chapter 1

# What is a Good Lead?





The term “good lead” can mean different things depending on your role, your business, your industry and your goals.

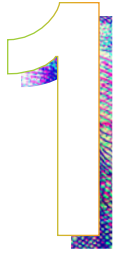


For example, to a sales rep, a good lead could be a B2B professional who shows interest in the company’s product at a specific moment in time or outreach. To revenue marketers, good leads could be marketable because they have valid, complete information, fit an Ideal Customer Profile (ICP), or have opted-in/permissioned to contact.

In universal terms, good leads driven from demand efforts have the capability and motivation to do business. They meet specific contact and accounts criteria and have interest in your area of expertise or solution set.

### What Makes a Lead Bad and What Are the Consequences?

In “The Cost of Bad Leads: A Report”, we defined and categorized five types of bad lead:



# Incomplete

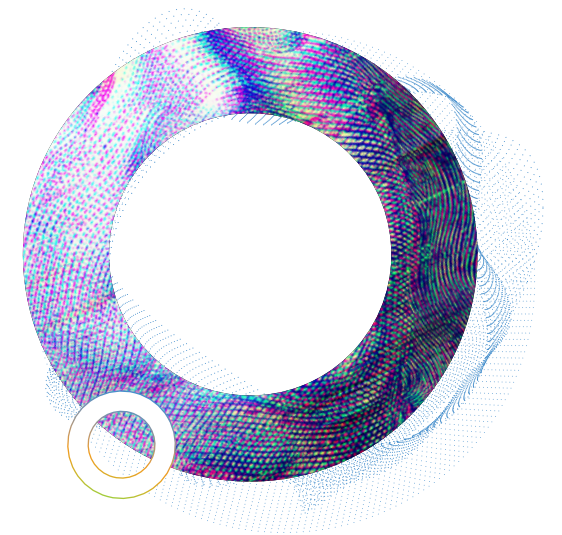
These leads lack enough data to be marketable and require additional data to make them actionable. Even when the basics such as first name, last name, email address, company and job title are all provided, this typically isn't enough data for marketers to score a lead's qualification, understand which content is best suited, or effectively route the lead to the right nurture or sales follow-up tracks.

Incomplete leads are often generated from paid media or event programs where data is captured on other sites or at trade shows/conferences, which collect minimal information via badge scanners.

Without all the necessary data, revenue marketers can't qualify and route leads or take the appropriate actions in regards to content offers, nurturing and/or sales follow-up. Without complete information, marketers are restricted when providing prospects the content they need to make decisions.

Incomplete data limits the marketability of leads, often rendering them useless. This, in turn, burns a hole in your marketing budget and decreases program ROI. The effects are felt even further down the line, when marketing and sales teams follow up on key accounts with irrelevant content or by prematurely nurturing them. Prospect experience is greatly affected and that will negatively impact the global impression of your brand.

**“Incomplete data limits the marketability of leads, often rendering them useless. This, in turn, burns a hole in your marketing budget and decreases program ROI.”**





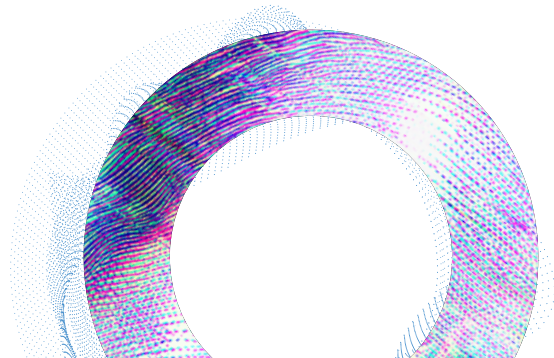
## Invalid data

These leads contain non-working email addresses, fake phone numbers, inaccurate job titles or untargeted/unsuitable audiences (e.g., a lead from an enterprise company when you're targeting SMB prospects). This can happen in paid media programs and lead capture on your forms.

List buys, which have many challenges, often contain bad data because of unverified contact and account information. The problem is compounded since the leads are usually much older and, therefore, there's a greater chance that the contact has moved to another organization.

The costs of invalid leads can mount up considerably, spanning misused budget to wasted team resources, inefficient database usage, reduced brand reputation and skewed performance measurement – all of which undermine your marketing team's ability to hit revenue goals.

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## Non-Compliant



These leads have complete, valid and non-duplicate data, but were captured in a manner that doesn't comply with regional laws or specific country regulations, or you have not acquired opt-in permission to contact them.

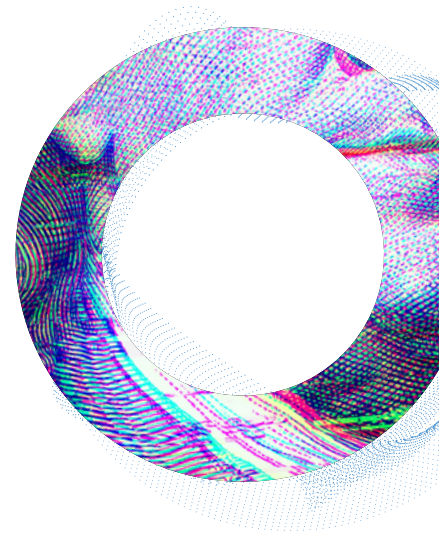
Data compliance and privacy regulations examples include GDPR, CCPA and CASL. The consequences here can be big. Legal fees and fines are likely charged to those who don't comply.

When it comes to B2B demand gen, this means that both you as marketers and your third-party lead vendors must get clear written consent for each purpose of lead use. You also must ensure your organization maintains documentation that lists the personal information you collect and process, the purpose of processing that data, records of consent and a documented process for the protection of that personal data.

When collecting leads online, it is easier to remain compliant to regional and industry laws. Using simple check boxes that link to privacy policies and acceptance to gain consent is common practice. Offline leads are a lot harder to regulate. Proving consent and establishing a process for data upload and use can be more difficult to maintain.

It is critical that B2B marketing teams not only ensure that their own hosted forms and landing pages conform to these rules, but that media partners, event organizers and lead vendors that collect prospect data on third-party sites do so as well.

**“Data compliance and privacy regulations examples include GDPR, CCPA and CASL. The consequences here can be big. Legal fees and fines are likely charged to those who don't comply.”**





## Unstandardized

These leads look great at first glance. They contain valid contact information and meet your target audience or ICP. However, their field formatting renders them a time-suck to manually fix or unmarketable when the data is routed to your marketing automation or CRM system for follow-up.

Events, content syndication, webinars and list buys are all common sources of unstandardized leads.

B2B marketing teams spend upwards of 10s to 100s of hours a month formatting and processing these leads just so they can be uploaded to databases. This greatly subtracts resources from more strategic initiatives, such as optimizing engagement tactics, launching new programs or helping sales close business. Further, the time required to reformat leads decreases their value as prospect interest cools while leads take days, even weeks, to be processed and uploaded. This is a major concern.

**“B2B marketing teams spend upwards of 10s to 100s of hours a month formatting and processing these leads just so they can be uploaded to databases.”**

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## Duplicates

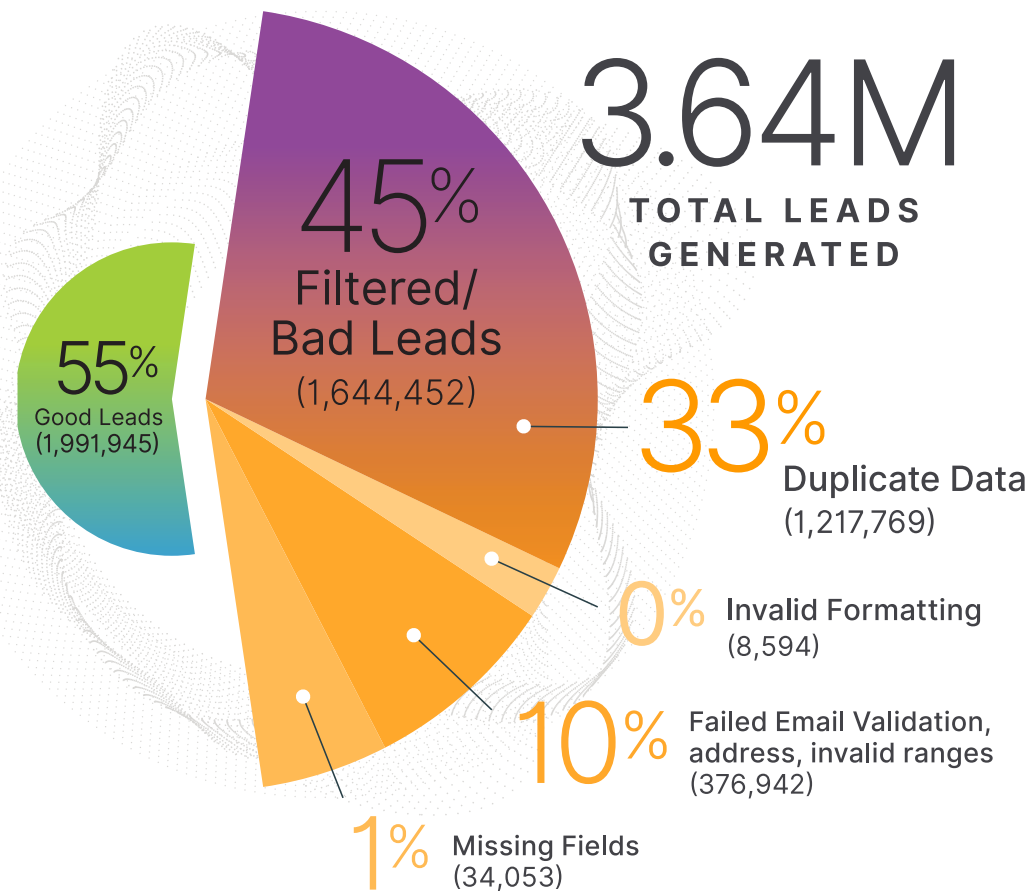


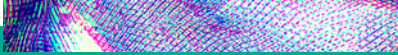
Figure 1. Analysis of 12 consecutive months of data posted to **Integrate platform**

Duplicate leads are separate, multiple records for the same individual.


Depending on your view, duplicates can be good or bad. They are good because you want to capture the engagement activity from individuals and it also may indicate higher buying interest. They are bad if your view is “we already have that contact or lead.” Duplicates very often include overlapping or varying information.

Duplicates can arrive from any marketing channel. The majority of B2B businesses leverage a wide variety of sources to fill their funnel with qualified leads. This is where managing duplicates becomes difficult because traditionally there’s no single point of entry into that funnel by which marketers can compare, filter and merge duplicate leads.

These types of leads take up unnecessary space in your contact database, increasing software and maintenance costs. This can also result in a duplicate lead being sent communications twice with the same piece of content and/or offer or being contacted by two different sales reps simultaneously. This problem becomes even more pronounced with ABM programs, where marketers need to diligently track decision-maker touchpoints in the context of the larger account buy-cycle, while not annoying individuals with repetitive engagements.



**41%** of marketers feel insecure about their ability to ensure 100% of leads that enter their MA, SA, and CRM from demand channels and third parties are compliant and marketable.



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Precision Demand: An Intelligent Strategy for Marketing Plans

## Chapter 2

# Calculating the Cost of a Bad Lead





There are literal, fixed costs and hidden costs – both are costing you and your business money, time and reputation. By knowing where bad leads come from, you can ensure you’re not investing precious demand budget in return for those leads.

The diagram below shows how quickly the costs of resources can add up when dealing with bad data from lead generation programs and efforts.

You initially have to pay a source for that lead to come into your database. But the cost of a bad lead doesn’t just come from the top. Someone then must deal with that bad lead data and all the downstream fixing, handling and clean up. You add bad leads to your mailing list or nurture

programs. When emails bounce, crushing your email sender score, you still pay for those emails to be sent. Each unmarketable contact then takes up space in your database, increasing your software and maintenance costs.

Wasted budget on invalid leads, time lost scrubbing untargeted and duplicate data and standardizing good leads for upload to the database - it all has a big impact on your bottom line.

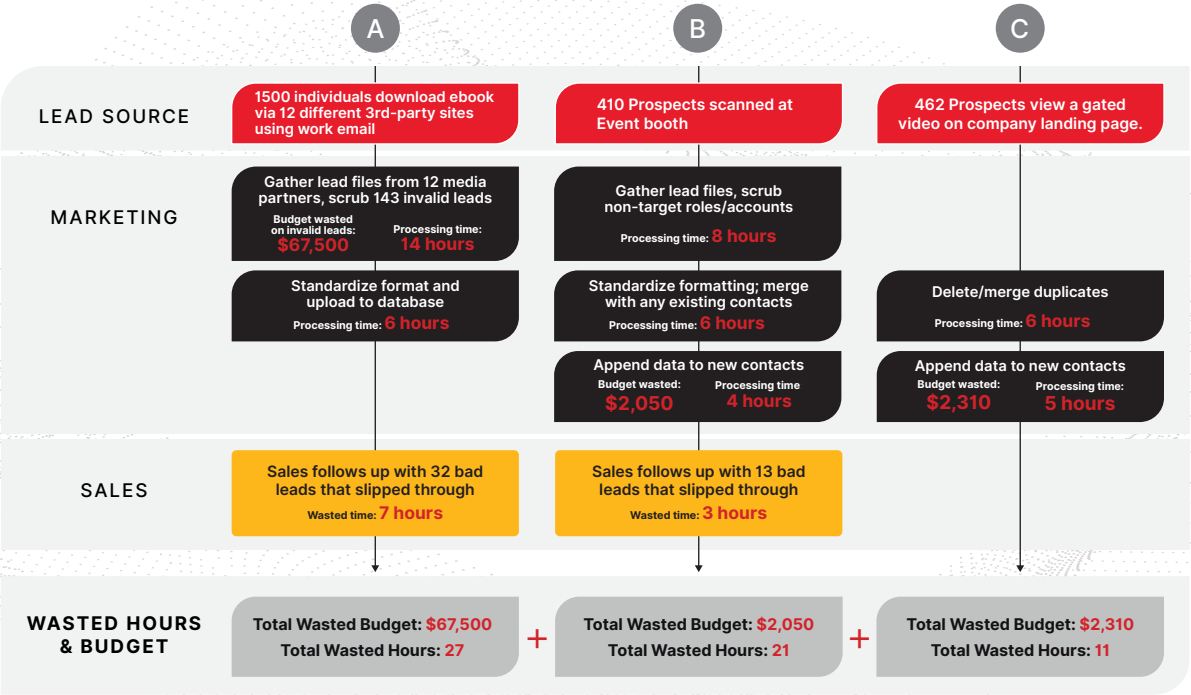


Figure 3. Life of a lead diagram on page 8 of report. Source: **The Cost of Bad Leads: A Report**

TOTAL WASTED BUDGET:  
**\$71,860**

TOTAL WASTED HOURS:  
**59**



### Calculating Cost Per Lead

The average cost of bad leads for enterprise companies easily surpasses \$4 million annually. So, how do you calculate how much bad leads are costing your business?

Cost per lead (CPL) is the most common metric used by marketers to determine the amount you spend generating a new lead.

A simple way of estimating how much a lead costs is by dividing what you spent on a campaign or channel by the number of leads generated.

Cost of lead = Time you spent  
on campaign or channel /  
number of leads generated.

Outside of direct spend on a channel or lead source, what other costs do you need to consider?

We built this worksheet to provide you with a basic template with which to add up the costs of your current lead generation efforts.

Top Tip

You can also use this as a report to make a business case with your leadership to identify and implement more effective and efficient processes and solutions.

\*\* Caveat: This worksheet is by no means an exact calculator of costs, nor does it cover all the costs associated with bad leads or even all those discussed above. It is simply a tool to help gain a high-level view of what your current lead generation methods may be costing your organization.

The Cost of a Bad Lead

INTEGRATE

Calculating Cost Per Lead Worksheet

This worksheet is by no means an exact calculator of costs, nor does it cover all the costs associated with bad leads or even all those discussed within the ebook. It is simply a tool to help gain a high-level view of what your current lead generation methods may be costing your organization.

(Internal Costs + CPL) x (Volume x .45) = Wastage Cost

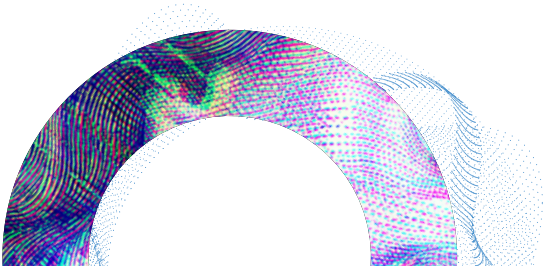
Wasted Demand Gen Budget	A Internal Costs	B Purchased CPL	C Total CPL (A+B)	D Annual Volume	E Percentage of Bad Leads*	F Total Number of Bad Leads (C x D)	Annual Wastage Cost (CxF)
Inbound Leads							
Purchased 3rd-Party Leads							
Total:							

\* Select % based on team's level of lead governance: manual governance (15%) to no governance (45%)

Wasted Database Spend**	A Total Annual Subscription/DataUsage Cost	B Data Wastage***	Annual Wasted Database Investment (A x B)
(Marketing Automation/CRM Usage Fees)			
Total:			

\*\*This depends on your provider. The enterprise-level providers (Marketo, Oracle Eloqua, Salesforce) base their total subscription fees heavily on contact volume, while SMB vendors have base subscription fees and then tack on dollar amounts for set buckets of contacts or emails. The larger th eorganization, the bigger the burden.

\*\*\* Select % based on team's level of lead governance: manual governance (15%) to no governance (45%)





**(Internal Costs + CPL) x (Volume x .45) = Wastage Cost**

Wasted Demand Gen Budget	A Internal Costs	B Purchased CPL	C Total CPL (A+B)	D Annual Volume	E Percentage of Bad Leads*	F Total Number of Bad Leads (C x D)	Annual Wastage Cost (CxF)
Inbound Leads							
Purchased 3rd-Party Leads							
Total:							

\* Select % based on team's level of lead governance: manual governance (15%) to no governance (45%)

Wasted Labor	A Monthly total hours spent cleansing, deduping, formatting leads	B Annual Hours (A x 12)	C Average hourly salary for marketers who process leads	D Monthly total hours sales wastes contacting bad leads	E Quarterly Hours (D x 12)	F Avg. Hourly salary for sales reps who contact bad leads	Wasted Labor Costs
Marketing							
Sales							
Total:							

Wasted Database Spend**	A Total Annual Subscription/DataUsage Cost	B Data Wastage***	Annual Wasted Database Investment (A x B)
(Marketing Automation/CRM Usage Fees)			
Total:			

Marketer and Sales Recruitment and Training	A Annual Marketer \$ Sales Churn	B Cost of Recruitment + Training****	Annual Wasted Database Investment (A x B)
Total:			

\*\*This depends on your provider. The enterprise-level providers (Marketo, Oracle Eloqua, Salesforce) base their total subscription fees heavily on contact volume, while SMB vendors have base subscription fees and then tack on dollar amounts for set buckets of contacts or emails. The larger th eorganization, the bigger the burden.

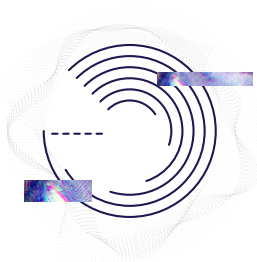
\*\*\* Select % based on team's level of lead governance: manual governance (15%) to no governance (45%)

\*\*\*\* Industry average is appx. \$1,200 (Trainingmag.com, 2014 Training Industry Report)

Total Annual Direct Monetary Costs: \$

## The Hidden Costs of a Bad Lead

While it's easy to calculate and pinpoint the financial costs of a bad lead, other damage is often hidden across your organization and along the pipeline.



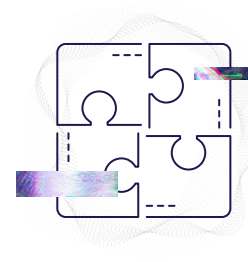
### Losing Trust with Your Sales Partners

Your sales teams rely on marketing to supply high-quality leads. When you send invalid, inaccurate or bad leads, they must spend time cleaning up or finding the right data. By wasting days reaching out to leads who have no interest in your product, they lose valuable time that could be spent nurturing and converting high-quality leads. As sales frustration deepens, distrust in marketing activities grows. Often sales staffers set-up their own processes to find and engage buyers, duplicating your marketing efforts and overwhelming your prospects with twice the outreach.



### Damaging Your Brand & Reputation

You only get one shot at making a good first impression. Ensuring your database is filled with good, complete data is vital to the reputation of your marketing communications. Anything from misspelled names to sending a product meant for sales team members to customer service teams can risk a PR nightmare. And if you start bombarding new prospects who have only signed up for your newsletter, you'll end up driving them away, costing you any shot at future business.



### Dealing with Leads That Have No Interest in Your Solutions

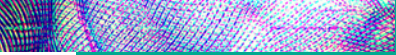
So, you've got a segmentation strategy worth shouting about and multiple communications being sent to different target audiences. On top of that, you've spent hours crafting messaging that resonates with that target audience.

But if you have leads with incorrect or incomplete data, you'll be sending the wrong message to the wrong audience. If you don't get location data correct, you'll have promotions intended for the morning, landing in inboxes in the middle of the night. You'll send leads the completely wrong product or service information. By having as much relevant data as you can in your database, you ensure that the right people get the right message at the right time. Remember, you're paying for every targeted email you send through your marketing automation software. Not only are you wasting time and effort, you are wasting valuable budget sending emails to leads that have no interest or won't even see your communications.



### Missed Opportunities

Not only do bad leads cost you money at the source, but they also result in missed opportunities down the line. If you don't have the right information to score and filter the lead, it won't be detected as a high-quality lead. Worse, if you have the right, ready contact, but have bad or non-compliant contact info, you've missed a prime prospect.



Poor leads aren't just inefficient,  
they build distrust and resentment  
between marketing and sales, and  
that's the opposite of what we're  
trying to achieve.

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John Donlon, SiriusDecision



Connect your content syndication dollars to real buyers. Get dollar for dollar ROI with Precision Syndication by Integrate.

Integrate's Demand Acceleration Platform reduces lead-to-revenue friction by centralizing your content syndication programs, campaigns, and media partners on a single, powerful cloud platform that delivers 100% marketable data for accelerating seamless connections between marketers and their buyers. With essential capabilities to target, activate, connect, measure, and govern across demand programs and channels, revenue marketers can easily deploy a precision demand strategy to reach new audiences of ready buyers and engage only with the ones who matter most to their businesses.

[Integrate.com](https://integrate.com)