FRANCHISE PIPELINE SOLUTIONS

Franchisee Lead Generation Secrets Revealed...

By Dugan Aylen & Paul Keiser

How to Evaluate & Select Franchise Portals

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How to Evaluate and Select Lead Generation Portals

Goals and objectives

INITIAL QUESTIONS

- How many franchisees do you want to sign in a 12-month period?
- How many leads do you need to achieve your goal?
  - ex. You want to sell 10 franchises over a 12-month period
  - You'll find 80% of new franchisees (8) from portal leads
  - The current franchise industry average is 150 leads to one Agreement
    - This number will vary up or down depending on many factors, including uniqueness of your concept, complexity of your business model, skill of your franchisee recruiter, etc).
    - To sign eight portal Agreements, you will need at least 1,200 internet leads over 12 months – an average of 100 monthly leads.
- The average time it takes for a franchise lead to become a signed franchisee is five months.
- Based on the above goals, you should plan to work over 17 months to achieve the eight new franchisees based on generating 100 leads per month over 12 months.
- To speed up this process, you need to generate the 1,200 leads as quickly as possible to build the pipeline faster.
  - e.g. To sign eight franchisees in 12 months, the 1,200 leads would need to be in the pipeline by the end of month eight, which means getting 150 leads per month

Lead generation budget

Now we know how many leads we need and the required timeframe.
Now you'll need to work out the right lead generation budget. How? It's easy if you follow a rule of thumb which has served FPS clients well over the years.

Examine the simple formula below:

$$\frac{\text{New Franchisees wanted} \times \text{no. Leads to sign 1 Franchisee} \times \text{Franchise Fee}}{800}$$

For example: If the franchisor wanting to sign 8 new franchisees has a franchise fee of $20,000 then:

$$\frac{8 \times 150 \times \$20{,}000}{800} = \$30{,}000$$

$30,000 is a realistic budget that needs to be set aside to generate the 1,200 leads to sign eight new franchisees.

- This is a cost per lead of $25 ($30,000 / 1,200)
- The advertising budget required for one franchisee is $3,750 ($30,000 / 8)
- This is a monthly budget of $2,500 spread over 12 months
- For faster growth, this is a monthly budget of $3,750 spread over eight months

How to allocate a marketing budget?

- There are many portals that generate franchise inquiries for franchisors
- They range in content and quality
- Some are stand-alone and others part of a partner network
- Some offer fixed cost packages and others pay per lead
- Some portals guarantee the number of leads delivered per month and others don't

How can you determine where you should invest your franchise lead generation budget?

This is the marketing mix...

- First consider where you want your franchisees to be located
- The internet will reach people based anywhere
- A franchisor that is initially looking for franchisees a certain distance from their headquarters will still pay the same amount for placing an internet ad as a franchisor that wants franchisees nationally
- Both franchisors will get leads from every location, but the franchisor that is developing in specific markets will only use a handful of the leads
- For this reason, the internet may not always be the most cost-effective option
- Most franchisors use the internet for lead generation, but franchisors that are developing in specific markets may invest more of their lead gen budgets on local initiatives than franchisors growing nationally

Where to find franchise leads?

With goals agreed upon, expansion areas and priorities decided and a marketing budget allocated now is the time to select your franchise portals.

Franchisors with a modest budget may select 2-3 portals, while franchisors with greater budgets will often advertise on eight or more portals. It is vitally important to work out the right combination of portals, the right content to show people, and how visible the brand is across the portal.

Over the last eight years, the number of portals offering franchise lead generation programs has jumped dramatically. There really isn't a comprehensive list of portals published anywhere, but here are some of the best-known portals.

- FranchiseHelp.com
- FranchiseClique.com
- BeTheBoss.com
- Bison.com
- Entrepreneur.com
- Franchise.com
- Franchise.org
- FranchiseDirect.com
- FranchiseGator.com
- FranchiseOpportunities.com
- FranchiseSolutions.com
- FranchiseWorks.com
- Franchising.com
- America's Best Franchises
- A-Z Franchises
- BizBuySell.com

Portal selection process

Narrowing down to your best prospective portal list can be daunting. That's because most of the information you can get often comes from sales people trying to sell advertising space.

Some Tips:

- Find out where the competition advertises. Some portals do a better job at generating leads for food franchises or man-and-van franchises. Others may be better at home-based or business services franchises. Find out where direct competitors advertise by running a search for their company on Google. All listings will come up if you go through the first few results pages.
- Ask other Franchisors what's working for them. Franchisors can be a great source for finding out which franchise portals are successful. However, it can also be very misleading, because they'll have different ways of handling leads, which often means that while some franchisors may talk positively about one portal, the next franchisor says it's a waste of money!
- Speak to the portals you already spend money on. Since franchisors are vocal about where they're getting their leads, the portals always know which portals are doing well and which portals are struggling. Ask for referrals to other portals.
- Carry out a simple Google search. If YOU can find a portal on Google then a franchisee prospect will also find the portal. The easier the portal is to find online, the better the chances of getting more leads from that portal.

Questions to ask lead gen portals

Build a list of franchise portals to collect information from. Here are the main questions to ask:

What affiliations does the portal have to the franchise industry?

- Are they attending franchise shows, conferences and events
- Work out if the company has shown a commitment to the franchise sector
- Do they clearly understand the needs and challenges of a franchisor

How long has the portal been going?

- Many of these portals come and go all the time
- Don't pay too far in advance to portals that have only been around a short time

What is the average number of unique visitors per month?

- This is important! Get a good idea of how many people will be exposed to your brand profile
- Page views are irrelevant. Ignore them. They don't provide a fair comparison of visitor traffic
- If a portal cannot provide this information be forewarned. There better be a good reason why

Where does the portal traffic come from?

- Before asking this question, you should know if the portal appears in the search results for keywords related to opportunities in your franchise segment
- Some portals don't rely on Google search results to be found, and may pay for traffic through partner portals or email marketing
- Make sure that the kind of people the portal attracts is consistent with the profile of the franchisee being advertised for. e.g. if the ideal franchisee profile is a part-time work-from-home parent, then it's no good being on a full-time business portal

How does the portal drive traffic to your brand's profile page on the portal?

- How many mouse clicks or touches does it take to get to your brand profile page?
- Are there any other ways to reach your profile page?
- Will the portal use the specific brand profile page to target search engine traffic or is all the traffic being driven straight to their homepage?

What is the package?

- Do they offer a range of packages?
- What's included in each package?
- What are the rates?
- Ask for a walkthrough of the portal and understand every package
- Compare the rates for each package and look at the visibility each one gives

ScheduleChat

- Ask which package is most popular and which package offers best value
- If it's a Pay-Per-Lead (PPL) portal, what is their definition of a lead?

What is the process a portal user goes through to become a lead?

- How easy does the portal make it for someone to inquire about your brand? The easier someone can inquire, the lower the quality of that lead
- Some portals fully pre-qualify leads first before matching and showing them any franchise brands (For the USA and UK, see www.franchisehelp.com)

Does the portal offer any free exposure? For first time advertisers?

- Ask if there are additional ways to increase exposure with free opportunities
- What does the portal do to promote new advertisers?
- Do they host and post press releases?
- Can you submit articles?
- Do they offer link swapping?

Do they offer screens or filters?

- Can you eliminate leads that do not meet specific criteria (location, financial qualification, timeframe, etc.)?
- Can you add additional questions to a lead form? Be careful with this. At this early stage asking for less information is usually better unless you want reduced lead flow. Also bear in mind that many people may not want to answer personal questions on a generic form.

What are the contract terms?

- Make sure you're happy with the length of the contract and that you can get out if necessary.
- Ask what the payment terms are. Some portals require payment upfront in full, others just ask for a credit card to bill monthly, some charge on a pay-per-lead basis at the end of the month
- What are the discounts for committing to longer time periods? Some fixed cost portals offer monthly, quarterly or annual contracts (sometimes annual contracts can attract a 20% overall discount)

How many leads should be expected?

- This question is merely to find out what an average listing, similar to yours, with the same amount of exposure should expect to get.
- This is not meant to be a guarantee. But having an idea upfront of what the average cost per lead should be, allows you to have future discussion with the portal to ensure targets are met
- It all goes back to identifying how many leads per month you'll need.
- Be careful if a web portal will actually guarantee a specific number of leads on a pay-per-lead or fixed cost basis. If they do, make sure you have answers to all the other questions asked. It may be a sign that the portal sends leads to more than just the intended franchiso, because maybe the person didn't untick a box

Does the portal lead-share or farm leads?

- This is a controversial topic that is either a good or bad thing depending on your viewpoint. Lead-sharing or farming means that one lead may be sent to multiple franchisors, even if the prospect only requested franchise information from one company.
- It's not illegal, but many consider it unethical and if you run marketing automation to handle leads, it may have an adverse effect on your spam rating. Remember, it can also mean the franchisor is paying to generate leads that are also sent to your competitor. Similarly your competitor is paying to generate leads that are also sent to you.
- Keep in mind that these days, most people are not in favor of being contacted by salespeople unless they request it.

Making the final decision

- Create a competitive matrix to review all the data.
- Decide what information is most important and prioritize.
- If budget needs to be tightly controlled, pay-per-lead portals may be favored .
- If high traffic portals are targeted, eliminate the low traffic portals.
- Then start looking at portals that'll provide the best value. This could be a combination of exposure, demographics and price. Or, it may be flexible terms, price and expectations.

Select the portals you want to establish a relationship with. If it takes 150 leads to result in a sale and your average sales cycle is 20 weeks, it may take 3 months to generate 150 leads and another 5 months to generate a sale. Franchisors should invest in at least a 9-12 month campaign to give adequate time to evaluate the quality of the leads.

Establish a strong and trusting relationship with the portal

- The relationship and understanding between you and the portal is vital
- Give and get the feeling that a long-term relationship is a must
- Without this relationship, you'll have a much more difficult time tweaking the campaign to get the most out of your spend in the future.

One of the hardest decisions is whether a franchisor should spend less on each portal and advertise on more portals or spend more per portal and advertise on fewer portals. The answer to this will depend on many factors.

After you have managed campaigns for a while, you'll know which portals are doing best and how many portals are needed to reach the goals set. Portals that produce the best quality leads should eventually get a larger share of your advertising budget.

To start with, it makes sense to select advertising campaigns that are similar so that ongoing portals evaluations are comparable. Doing different things on different portals is not something you can evaluate.

Analyze. Review. Evaluate. (or are they the same thing..?

Perhaps the most important step in the whole lead generation process, is evaluating the portal's performance.

Set up weekly, monthly quarterly, six-monthly and annual reports to understand what is happening with leads that come from each portal. After each six-month period, franchisors should re-evaluate each portal's performance in detail. These should include:

- Leads per month
- Cost per lead
- Leads contacted
- Cost per lead contacted
- Leads qualified
- Cost per lead qualified
- Leads attending Discovery Day
- Cost per attended Discovery Day
- Leads converting to franchisees
- Overall cost per franchisee

Contract renewal should be earned based on the quality, not quantity, of leads delivered, and this becomes apparent if the above reporting is carried out.

Quantity versus Quality

- If one portal generates 500 leads over 6 months, but none of the leads progress beyond the first step of the sales process, the portal is delivering quantity but no quality
- If another portal delivers only 300 leads over the same six months, resulting in 20 qualified leads, five attend Discovery Days and one signs, the portal is delivering quality instead of quantity
- In most cases, the more leads a franchisor gets, the more time the recruiter spends following up. Is it better to receive 300 leads and get one franchisee or 600 leads and no franchisee? Use your recruiter's time wisely.

Onward, ever onward!

Every six months replace one or two portals that are not performing based on the reports, or where the relationship is possibly difficult to manage and start the process over again.

It can take time to find the right combo. But once you do, you can increase the spend on the portals that consistently produce quality leads.

Excellent communication and relationships are key. Talk about what is working and what isn't working with your account manager. Providing great feedback and, if results are good, testimonials will make the relationship stronger.

When good communication and respectful relationships are in place, then you'll have the makings of a long-term partnership that will keep you both successful and working together long into the future.