



Cold Calling is Dead & Cold Email is Dying

Solving the Problems of Old-School Prospecting

Contents

1. Introduction	3
2. Cold Calling Has Gone Cold	5
3. The Issues With Email	10
4. The Next-Gen Solution Set	14
5. Summary	16
Sources	17
About Vendisys	18

1. Introduction

It's one of the oldest rules-of-thumb about sales success:

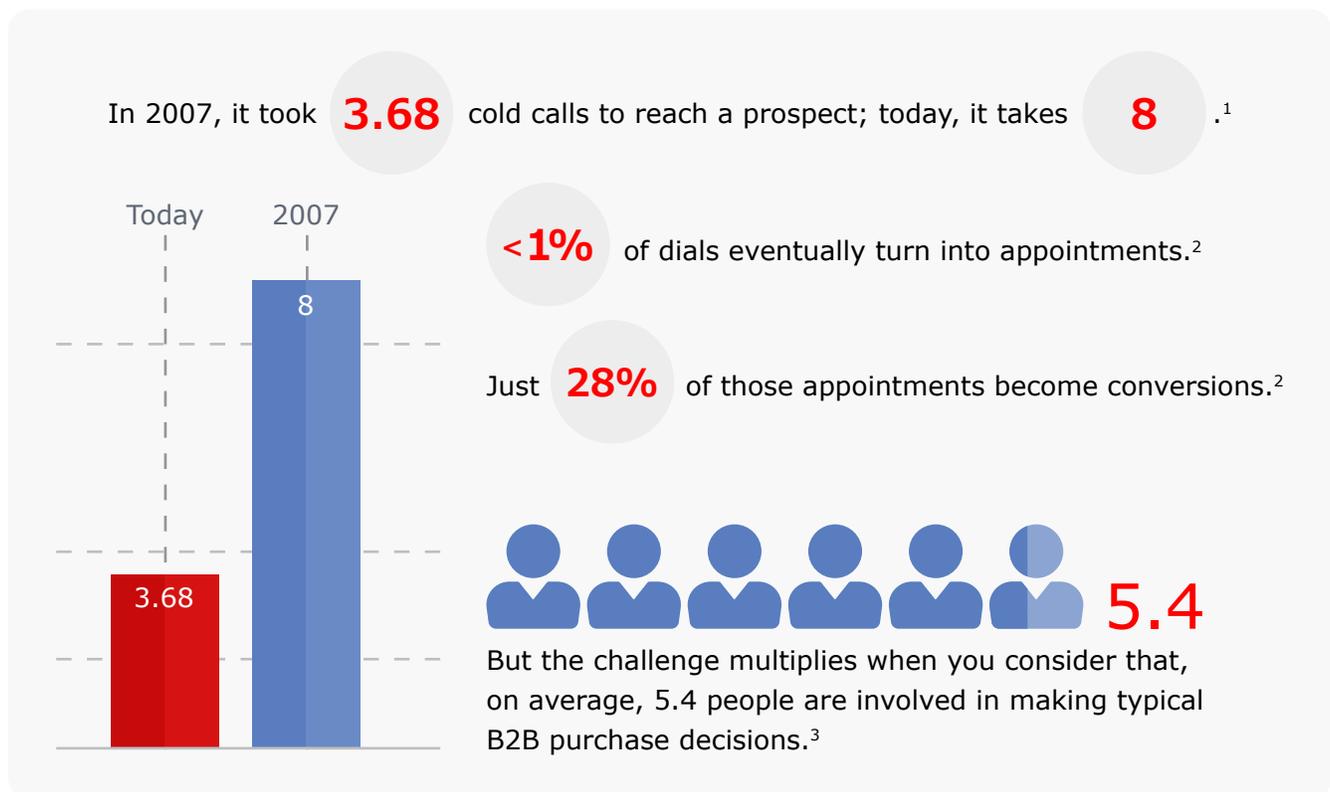
The number of sales you make is in direct proportion to the number of decisions-makers you reach.

The problem? **Reaching key decision makers is harder than ever, and it's just getting harder.**

But it wasn't always this tough. There was a time, not that long ago, when companies could count on reliable results from tried-and-true prospecting techniques. Particularly tactics like **cold calling** over the phone and **emailing** potential leads.

Those approaches used to work – but they're no longer paying off.

The numbers make that all too clear:



The old ways? Obsolete.

As we'll demonstrate, "old-school" prospecting is failing on two fronts:



Telephone-based cold calling

has become a waste of time and resources, thanks to your prospect's reluctance to take the call – and even a targeted account's changed policies.



Prospecting emails

aren't reaching your target's inbox, but instead end up in spam folders; **73% of companies report email deliverability problems**, but often don't realize it's happening until it's too late.⁴ In fact, even when recipients have opted-in, they'll often flag their legitimate marketing emails as spam.⁵

But effective prospecting using a traditional channel like email is **still very viable** for marketing and sales teams. It's just a matter of executing it in non-traditional ways.

We'll explore how enterprises are adapting to this evolving sales landscape. By leveraging newer, more intelligent email prospecting solutions and best practices, it's now even more feasible for a company to be reaching and engaging their best targets.

2. Cold Calling Has Gone Cold

Here's a chilling statistic about the current state of cold calling by phone: **About 9 out of 10 top-level B2B decision-makers don't respond to cold phone calls at all.**⁶

But the insight behind this stat is pivotal for marketing and sales teams to understand.

Not only are these decision-makers inundated with sales queries, too busy to respond, and too high up the ladder (and too well-guarded) to pick up the phone: The hard new reality is that, unlike in years past, they're deliberately avoiding taking any cold call – anytime, under any circumstance.

Why? Because they don't feel the need - and don't see the value:

75% of top B2B decision-makers are regularly using social media to research their purchase decisions.⁶

Buyers complete **67%** of their decision-making process before they contact a sales rep.⁷

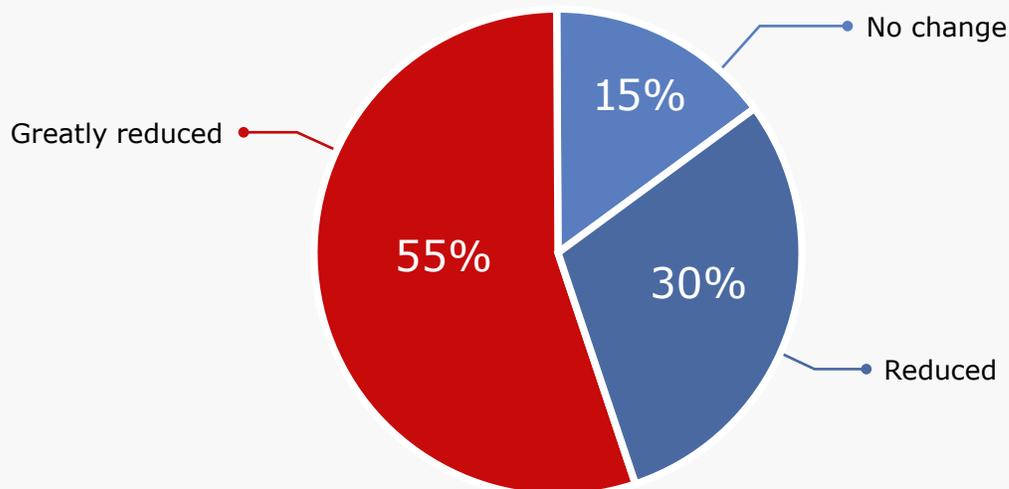
In large part, that's because buyers claim only **20%** of sales reps add value to the transaction.⁸

As we saw in our calculations in the Introduction, reaching a buyer or key decision-maker over the phone is ridiculously difficult and time-consuming. Yet with multiple stakeholders along each purchase path, there are also more of them to reach and engage than cold calling could possibly convert.

One recent survey lent more proof of the fact that cold calling is losing steam. Of 100 senior sales management and sales training professionals canvassed, **80%** said the **effectiveness of cold calling had been reduced or greatly reduced** over the past five years.⁹

None of them said it had improved.

The effectiveness of Cold Calling in the past five years?



Companies are cutting the (voicemail) cord

Moreover, using cold calling to engage targets makes an assumption you're able to reach them at all. And companies are making it harder than ever to do that:

- In 2015, JP Morgan Chase **eliminated voicemail for 65% of their employees.** "We realized that hardly anyone uses voicemail anymore," said Gordon Smith, CEO of JPMorgan's consumer and community banking. Citigroup and Bank of America took similar actions.¹⁰
- Coca-Cola did the same, cutting voice mail at its Atlanta office complex and a nearby technology center; employees could retain it if they claimed a "business critical need," **but only 6% of them opted to keep it.**¹¹
- As far back as 2013, Vonage was reporting an **8% year-over-year decline** in voice mails.¹²

"People north of 40 are schizophrenic about voice mail," according to Michael Schrage, a research fellow at the Massachusetts Institute of Technology Sloan School of Management's Center for Digital Business. "People under 35 scarcely ever use it."¹²

And as Gordon Smith at JPMorgan Chase pointed out, "We are all carrying something in our pockets that's going to get texts or email."

More countries are growing cool toward cold calling

Even more impactful on cold calling may be the effects of potential legislation. This hasn't taken broad hold in the U.S. yet, but some countries are placing actual bans on cold calls that affect, to varying degrees, both B2C and B2B marketers:

- A law on the books for 2018 in the **Netherlands** will prevent all forms of cold calling to consumers and businesses alike.¹³
- In **Germany**, there's been a ban in place since 2009 – unless someone has specifically opted-in to being contacted by the company. Caller IDs must be truthfully displayed so people can screen calls. Breaking the rules means a marketer can get slapped with fines of up to €300,000.¹⁴
- In the **United Kingdom**, there's a movement afoot to ban cold calls about pensions and investments; it's a reaction to recent scams.¹⁵
- And one U.K. telemarketing firm **was docked £350,000** for violating existing regulations about nuisance calling.¹⁶
- Much like the **National Do Not Call Registry** in the U.S., in 2016 **France** launched a similar site to allow consumers to block cold calls; an outright ban was avoided because telemarketers employ 20,000 people across the country.¹⁷

Outsourced Telemarketing: Big Risks, No Solutions

Some might consider outsourcing their cold calling to a telemarketing vendor to be a good option. But exiling their prospecting efforts to a boiler room isn't likely to improve the effectiveness of a strategy that's already in decline.

Plus, it can pose risks and unforeseen costs for a company or brand:

- ➔ If a telemarketing vendor is supplying the leads lists, it's often **difficult to vet the leads list** for quality. Some list providers are like "black boxes," where their list generation process isn't transparent, and a marketer has to go on faith that they're getting what they're paying for.
- ➔ If the vendor reaches out to the wrong people inside a targeted (or existing!) account, it can make a marketer look as though they're **phone spamming**.
- ➔ Most telemarketing firms see **enormous turnover**, so there's huge difficulty in controlling the consistency and quality of your messaging.
- ➔ **Effective training can be a hit-or-miss** proposition in the telemarketing industry.
- ➔ As we've seen, companies can run afoul of **regulatory and compliance issues**, potentially even if they've outsourced their cold calling.
- ➔ Even if appointments are obtained, too often they turn out to be **appointments with the wrong people** – low-level personnel or people in the wrong department or unit, with little or no involvement with purchase.
- ➔ A poorly-executed telemarketing campaign be **costly to brand or company image**, even beyond any budget impacts, since it can drive bad word-of-mouth:
 - **95% of B2B buyers** are most influenced by peer word-of-mouth when making a buying decision.¹⁷

3. The Issues With Email

In 2016, email turned a mature 45 years of age, at a time when more and more organizations are beefing up their email prospecting efforts. But they're still seeing **lower and lower response rates**, even when they've transitioned from batch-and-blast email to more personalized/segmented campaigns.

One primary culprit? The fact that an increasing share of emails **never reach the inbox**, but are getting shunted into the spam folder.

Just between 2014-2015, email marketers around the developed world saw significant **drops in deliverability**:¹⁹

- The U.S. saw one of the sharpest declines in overall **inbox deliverability, as one in every four emails landed in the spam folder or went missing.**
- U.S. deliverability rates **dropped a troubling 14% in just two years**, from 87% in 2014 to 73% in 2016.
- Canada also saw a drop in deliverability, from 83% in 2014 to 79% in 2015.
- The United Kingdom, France and Spain all saw deliverability rates decline.
- **15% of email marketing messages go missing** or unaccounted for.²⁰
- But even more shocking? **22% of opted-in emails** never reach the inbox. ²⁰

What are some of the factors striking so hard at an email marketer's ability to put messages in front of audience eyeballs?

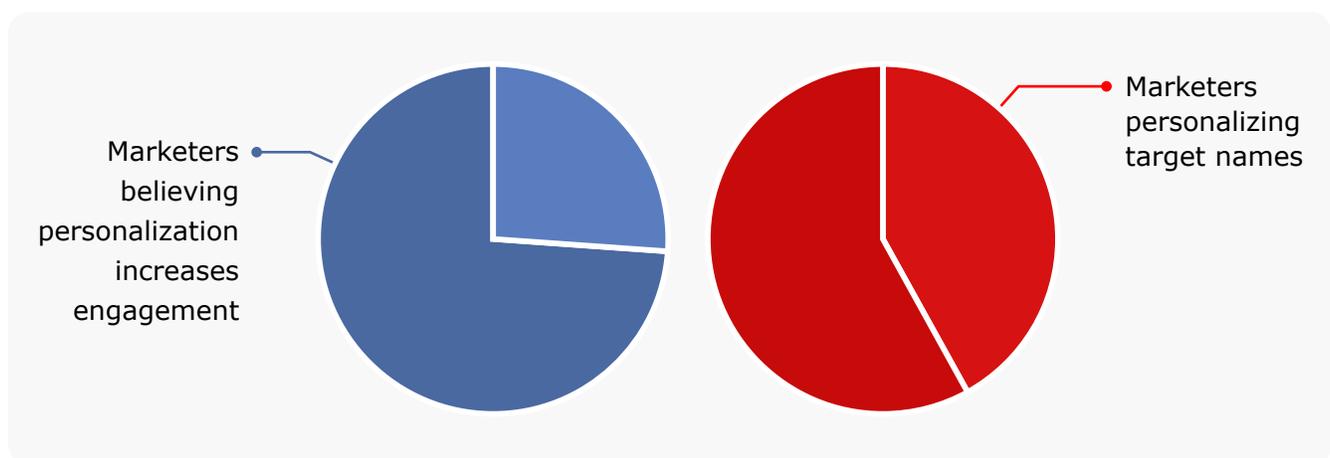
- **Email providers and new spam filtering systems** are getting better at screening out unsolicited email. Yahoo! Mail, for example saw inbox placement rates fall 13%.²⁰
- Features like **Gmail's new block button** make it easier for users to block senders, especially for mobile users.
- **The sheer amount of email traffic** might also contribute, up 16% year-over-year²¹ – with business and consumer emails growing at an annual clip of 4.6%.²¹
- Beyond deliverability dropoffs, there's been a **universal decline in clickthrough rates (CTRs)** of late.²² **Irrelevant messages and content are being hammered** by time-pressed buyers and consumers who see personalization of every message as the new standard for brand interaction.

Personalization (almost) to the rescue

The unsegmented batch-and-blast email drop is going the way of the Model T: It had its day, but **segmentation and personalization** are the future, especially of cold email prospecting.

User demand for customized communication is driving personalization adoption, which in turn requires enterprises to integrate data-driven marketing. Yet even with all the benefits personalization can muster, it's still not easy to achieve for many marketers:

- ➔ **74%** of marketers say targeted personalization **increases customer engagement**.²³
- ➔ Email marketing still ties with content marketing as **the most effective lead generation channel** for marketers, and the least difficult to execute.²³
- ➔ Simply adding the recipient's name in the subject line **increases open rates** by as much as **42%**.²⁴
- ➔ **51%** say **enriching contact data quality** is their **most significant barrier** to email marketing success.²⁵
- ➔ But personalization is still lagging, to a surprising degree; even as of 2016, **only 42%** of marketers said they personalized the recipient's name in their emails.²⁵
- ➔ And **64%** of brands **don't personalize email copy**, while more than two-thirds don't yet use customer data to personalize the products and services in their brand emails.²⁵

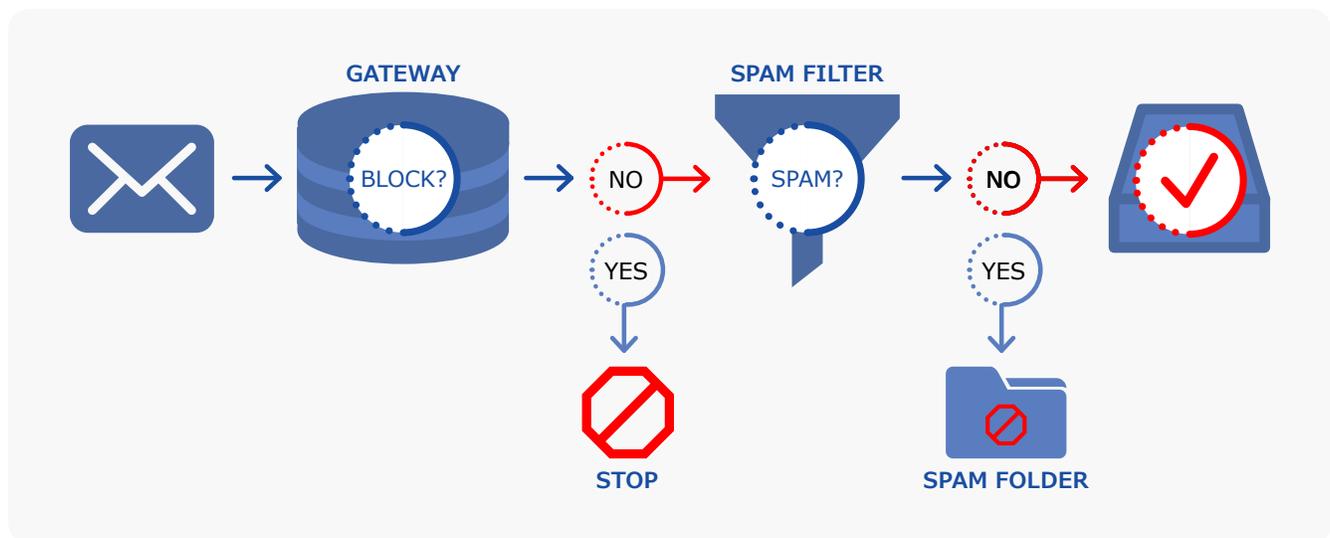


More hurdles, more headaches

The fight to reach the inbox has never been more grueling for email marketers. **Gateway and spam filtering present a higher hurdle than ever - actually, multiple hurdles:**

How often do users flag emails they've subscribed to? **70%** of the "this is spam" complaints and flaggings from recipients are for legitimate newsletters, offers or notifications where they've opted-in, but have lost interest.²⁵

- 1 Filtering at ISP/mail client level
- 2 Cloud-based third-party spam filtering services
- 3 Corporate on-premise spam management servers
- 4 User flagging (even of opted-in email)



Cleanliness is next to complexity

What are some of the mandatories a sender must absolutely follow if they've got any chance of prospecting via the inbox?

- ➔ Only the **cleanest, most personalized and relevant emails** get past this gauntlet of filters.
- ➔ A marketer's **sender reputation and sender score** have to be excellent.
- ➔ That requires **Big Data identification and profiling** of quality prospects, so they'll receive messages that are relevant and valuable.

One sticking point? Achieving all of these is beyond the in-house capabilities of most organizations, and even those of many third-party sending platforms:

- ➔ Consider the complexities of just managing **sender reputation**: A marketer may actually not possess the same reputation

with all the "Big 4" inbox providers, since Yahoo, AOL, Gmail and Hotmail don't share data with one another, and have different authentication protocols, engagement metrics and other practices.

- ➔ Achieving **A+ sender scores** can entail the need for entirely-new email infrastructures, which means taking on the many costs and maintenance needs involved.
- ➔ Using a **shared IP** can get you the benefit of a higher sender score, since you're sharing in the good reputation of other senders. But the IP provider will have very little tolerance for any bounces on your part, since you're damaging the the reputation of other clients using that IP.
- ➔ With a **dedicated IP**, you don't get the benefit of shared sender scores, so your score can plummet quickly, even to rock-bottom levels, if you're flagged with spam complaints.

Last-gen approaches aren't the answer

- ➔ From identifying quality leads to surviving spam filters and the deadly "unsubscribe" button, meeting all these challenges with **in-house email architecture** requires sizable investments of labor, focus and dollars.
- ➔ On the other hand, many **external email providers** claiming to be "state of the art" are still reliant on last-generation technology incapable of delivering the best possible prospecting ROI.

4. The Next-Gen Solution Set

New technologies and superior email delivery options are offering big upsides for email marketers battered by declining click-through rates (CTRs) and response rates, but who may lack the in-house technologies or data integration needed to attack these issues.

It's not a case of their adopting a single innovation, but leveraging a whole new toolkit of advances that have breathed dynamic life into email prospecting:

Artificial intelligence

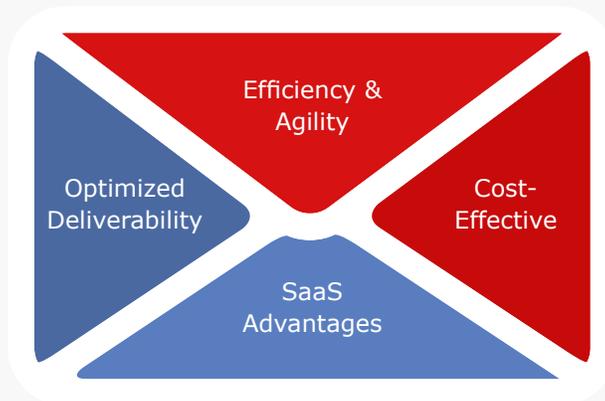
AI and machine learning can elevate lead generation to a whole new plateau by delivering against a marketer's very precise goals: **Who's my best target for X-size deals in accounts A,B and C?**, for example:

- AI can analyze huge volumes of data from multiple sources to mine quality prospects and create 360° profiles and deep insights about them as no human staff ever could.
- It allows highly personalized content/messaging deployment at each stage of the funnel, updated in real time for each prospect.
- AI can also give insight into the role each prospect has in the decision-making process at an account.
- This drives more precise personalization, which in turn allows marketers to capture more engagement and close more – and bigger – deals.
- Workflows are optimized and labor costs are eliminated.
- The best third-party AI platforms integrate seamlessly into existing marketing stacks.
- Many providers offer AI as a separate lead-gen product that can plug into existing marketing automation and ESP/EDS platforms. Some, however, offer fully-integrated platforms where **AI lead generation and deliverability services are bundled** for greater efficiency and reliability.

Email delivery services

More companies are moving away from in-house sending infrastructures and full-service ESPs to using **dedicated EDS providers** focused on helping them maximize prospecting ROI. Some offer their own AI capabilities, or can integrate via API with other third-party AI products, bootstrapping the marketer's ability to target and engage prospects:

- The best EDS providers continually optimize deliverability, target account penetration, message timing and user engagement.
- They add turnkey efficiency and agility to email prospecting.
- They're nearly always more cost-effective than upgrading in-house email architectures.
- Since these are usually Cloud-based, they offer the cost, scalability and ease-of-adoption advantages that typify SaaS.



5. Summary

It's axiomatic: as technology advances, so does the need to adopt those new technologies to stay competitive.

Once upon a time, being able to place a phone call to a hot lead or send a mass-blast email to a huge list of prospects were tactics on the forward edge of marketing innovation. But they've become relics, relegated to the scrap heap of obsolescence.

Today, cold calling over the phone is a dying art. Email prospecting, as it's been done in the past, is following close behind.

Email prospecting is still very viable, though. But only if an organization is willing to leave outmoded practices behind, take advantage of new tools for avoiding the spam folder, and commit to always delivering relevance and value to the prospects they want to engage.

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About Vendisys

Our name says it all. A combination of vend (from vendere, Latin for sell) and sys (from systema, complex parts working in harmony), Vendisys is dedicated to delivering innovative sales systems that help you meet or beat your goals by opening the right doors, so you can bring in more deals and close them faster, all with zero cold calling and zero telemarketing.

Our artificial intelligence-powered email prospecting system, Converna, navigates into your target accounts, initiates conversations and follows up on referrals until it finds the high-

level decision makers that are interested in your message. Then it engages them in conversation until they say, "let's set up a time to talk." We deliver those meeting-ready decision makers right to your inbox or CRM, filling your sales funnel with Powerful Actionable Leads (PALs).

Vendisys' efficient, intelligent system, the result of more than 12 years of field research and testing, delivers lead conversions up to 10X higher at up to 10X the speed of SEO or trade shows. You don't pay for our time or unqualified prospects, just the high-quality leads we deliver.

Ready to meet your next customer?

"Vendisys helped us improve our time to meeting by over 200%."

Sacha Stel
Director of Sales, SoftSol Group

"Vendisys has generated over 80% of the meeting activity for my region over the past nine months."

Jeff T. Wagner
Director of Sales, Hexis Cyber Solutions



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