Closing the Deal:
7 Tips for Converting More
Free Trials to Paying Customers

A Spear Marketing White Paper

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Introduction

The recent explosion of SaaS (hosted) solutions has brought about a resurgence in software vendors utilizing free trials as a primary means of acquiring new customers. Fortunately for them, companies can now take advantage of today's sophisticated marketing automation technology that enables automatic, personalized, rules-based, follow-up e-mails to all trial registrants. However, even the best technology on the planet can't convert prospects to customers if the underlying lead nurturing strategy is suspect.

Here are 7 tips for designing a lead nurturing strategy to maximize your conversion rate from a free trial program:

1.   Know why people don't convert.

There are plenty of potential reasons why free trials don't convert. Maybe users just found the product too complicated. Or too expensive. Or they weren't given enough time to fully evaluate the software. The most effective trial conversion strategy is one that addresses these objections head-on.

Step #1: identify what these issues are. Send an e-mail survey to every free trial prospect from the last 6 months who didn't convert, and ask him or her to respond to a simple survey (2-3 questions at most.) Offer a free gift or prize drawing to drive response. (This is valuable data; don't be stingy.) Then use the results to craft your follow-up strategy. If price is the primary objection, include a message about ROI. If complexity is the issue, send an e-mail with step-by-step instructions on how to complete a key task. And so on.

2.   Keep your trial period to 2 weeks.

Perhaps the #1 mistake software vendors make in setting up free trial programs is that they allow the user too much time. Granted, some products are more complex than others, but for most, a trial period of 30 days is way too long. If you limit your trial period to two weeks, it creates urgency. When users feel they have plenty of time to evaluate your product, they'll put off the evaluation. Pretty soon, a week has gone by and you've lost them.

When someone registers for a free trial, it's an indication of immediate, perceived need. One of the keys to a successful trial strategy is to maintain that interest and ensure that the user acts upon it. Lose the momentum and you'll lose the customer.

3.   Make sure they use the product.

Your survey should bear this out, but one of the primary reasons trials don't convert is because the user never got around to using the product. For that reason, it's a good idea to focus at least one or two messages early in the trial period simply on how to use the software. Save the "why you should buy this" for later.

Evaluating even a relatively easy to use product can seem daunting. Outline a simple task that can be completed easily. It doesn't have to be a task that encapsulates your entire value proposition; first and foremost, the purpose of the e-mail is to get the user to engage with your product. Once you've broken down that initial barrier, the chances are much greater that the person will evaluate the product more fully.

4.   Be aggressive with frequency.

It's natural to be wary about overwhelming a new user with a barrage of e-mails. I suggest, however, that free trials represent a scenario in which you can reasonably afford to be somewhat aggressive. We typically recommend one e-mail every 3-4 days at minimum. If you see a resulting spike in opt-out rates, or conversely, a drop-off in open rates, you can always dial back the schedule.

Keep in mind that trial users are getting something for free and so they're likely to be more tolerant of your e-mails as part of the price they pay for that free service. This is another reason, however, to set the tone early on in your communication using e-mails that are useful and informative rather than overly "salesy." If you hit each individual user with a hard sales message every 3 days, no amount of perceived value is going to prevent you wearing out your welcome quickly.

5.   Ask for the sale every time.

This might seem contradictory with the advice above to maintain a service-like tone, but you can do little harm by at minimum giving the user the opportunity to order at every step in the follow-up process. For some companies, all it takes is one simple use of the software to make users fully appreciative of the value that software delivers. If you wait two weeks to ask for the sale, that initial enthusiasm may have waned, or the user may have moved on to other priorities.

Asking for the sale doesn't have to be heavy handed. It could be as simple as a line of copy: "Ready to convert your trial account to a full subscription? Act now and we'll make sure you receive credit for the remainder of your trial period."

6.   Test, test, test.

A trial program is a classic example of a repeatable process. It's also an ideal platform, therefore, for a systematic, ongoing process of testing and optimization. When increasing conversion rates even by a percentage point or two could mean thousands of dollars in additional revenue to your company, the opportunity cost of not testing is enormous.

To be clear: it is not considered "testing" to simply evaluate the performance of each e-mail independently and make occasional adjustments, as in: "E-mail #5 isn't performing well; let's change the subject line." Testing only works if you're evaluating different strategies side-by-side on a randomized basis. Test subject line, frequency, interval, offer, everything (note: one variable at a time, please.)

7.   Keep selling after the trial.

Don't give up just because the trial period ended and you didn't get the sale. Follow up with at least one or two e-mails after the expiration date - say, a week later and then two weeks after that. Maybe the prospect just hasn't got around to placing the order, and your e-mail could be the reminder he needed. Consider sending a survey as the final communication asking why he/she didn't buy. Depending on the response you get (particularly if the response is: "I just haven't had the time"), you can trigger a follow-up call from inside sales.

Speaking of which, should you integrate telemarketing into your free trial nurturing strategy? The answer depends on whether you can prove telemarketing makes enough of a difference. Calling prospects will almost always increase conversion rates; the only question is whether the increased return outweighs the cost of that manpower. Take a month's trials and call half of them. Measure the incremental conversions in terms of revenue to your company and compare that to the increased cost of sale.

Companies with marketing automation systems in place have the luxury of integrating telemarketing based on specific demographic or behavioral criteria. For example, you could choose to trigger follow up calls to only those trial users who haven't purchased yet but who opened at least one of your follow-up e-mails, or indicated a company size of more than 100 employees, or work at a target account, or whatever other criteria you define that makes them worthy of additional effort. That way you'll increase your conversion rate but also improve sales satisfaction by only sending your reps leads that truly merit follow-up.

About Spear Marketing Group

Spear Marketing Group is a full-service marketing agency specializing in turnkey, integrated demand generation, lead management, and ROI-based marketing for high technology and other B2B companies. The company serves a broad range of clients from its offices in Silicon Valley and Seattle.

About the Author

Howard J. Sewell is a 20-year B2B marketing veteran and president of Spear Marketing Group. Prior to joining Spear, he ran Connect Direct (CDI), named one of the nation's "Top Agencies" by B2B Magazine in 2007, 2008, and 2009. Howard is a frequent speaker and contributor to marketing publications and online forums on topics that include demand generation, online marketing, social media, and lead nurturing. In 2009, he was named one of the nation's "50 Most Influential People in Sales Lead Management" by the Sales Lead Management Association (SLMA.)

Spear Marketing Group
1630 North Main Street #200   175 Parfitt Way SW
Walnut Creek, CA 94596   Bainbridge Island, WA 98110
925-891-9050   206-230-0239
925-956-1979 Fax   206-694-2294 Fax
www.spearmarketing.com
info@spearmarketing.com