



10 Reasons Why Lead Aggregators Will Bankrupt Your Business

**AND THE CASE FOR INCREASING YOUR
EXCLUSIVE INBOUND LEAD VOLUME**

The most common complaint about lead aggregation services is the quality of leads. In fact, according to a survey conducted by HomeAdvisor, only 20% of home services professionals said they had purchased high-quality leads. You've likely had a similar experience.

While buying leads is simple, there are a lot of unintended consequences that will harm your business.

Consider the following:

1. Lead aggregator leads cost you more than you think

Successfully working aggregator leads is costly. First, most companies have to invest in high-volume telephony systems and armies of outbound callers. Because these are operational costs, they often go

unnoticed until it's too late. Our longtime client worked with a top lead generator and closed 1.3% of all leads vs. 13% of leads generated directly for the business.

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2. Poor quality leads increase sales turnover

The best salespeople are good at math, at least when it comes to their income. Paying higher commissions doesn't work for long if your lead quality is bad. At the end of the day, their checks depend on being put in front of quality opportunities. While purchased leads had large drops from Set to Issue and Issue to Demo, the most important stat was that only 79.9% resulted in a Demo vs. 94.6% for leads generated

directly for the business from paid ads and organic search.

Most Importantly: NSLI for the lead aggregator was \$2511 vs. \$6260 for leads generated directly for the business. Missed appointments and low commissions are primary drivers for great salespeople to seek new opportunities.

3. Lead aggregation services will decrease revenue per sale

Lead aggregators typically sell the same lead to multiple companies. Even if your salesperson has the ability to get in front of the potential customer, it's likely they have either already received or will be receiving another offer. Often, this is a race to the bottom for profitability. Our data shows Net Revenue Per Lead Worked for lead aggregators at \$177 vs. \$2421 for leads generated directly for the business. Most importantly, the Lead Aggregator Revenue Per Sale was \$13,857 vs. \$18,388 for leads generated online directly for the business.

4. Lead aggregation reduces the revenue per salesperson

If the same salesperson works 50 issued appointments per month with a lead aggregator, the drop off leads to 40 demos with a close of 18.1% for 7 sales at \$13,857 for a total monthly revenue generated of \$96,999 vs. \$314,434 using all directly generated leads from sources like Google Ads and the client website..

Lead Provider Net Revenue Per Lead
\$177 vs \$2421
for Paid & Organic Inbound

5. Lead aggregation services will reduce lifetime revenue

Lifetime revenue is a metric that shows the total amount of money a customer or client spends on your products or services over the entirety of their relationship with your company.

Repeat customers are often more likely to spend more with a business – and refer their friends and family. According to a study by Bain & Company, repeat customers spend, on average, 67% more than new customers.

You don't own the lead you purchased. It's owned by the lead aggregator who will be constantly reaching out to generate another lead, which is then sold to your competitors. Further, all of the competitors that purchased that same lead will be reaching out to that customer to try and recover some of the investment in the lead.

Leads generated directly have a better customer experience, less exposure to competitors, and are more likely to revisit your business for additional work if they have a good experience.

6. Using a lead aggregator will reduce your profit per sale

Lead aggregators typically sell their leads to 3-5 businesses at the same time. Meaning your potential customers have easy access to a number of bids for the same work. Unfortunately, some competitors will have hidden fees while others have a fraction of the overhead due to cutting corners with licensing, insurance, and other necessary business expenses that are not monitored by lead generators. If you're able to win the business of one of these leads it will often be at lower profit margins as customers are asking you to "meet or beat" their best offer.



7. Inflated PPC costs

When you work with ANY lead aggregator, you're creating demand in your area and making it more profitable for them to compete with you AND sell leads they generate to your competitors. One of the places they'll go to generate leads is online where they will be bidding on the same terms as you to generate business. This increased competition will drive up your in-house lead generation costs.

8. Stolen organic traffic

Our client saw a 51% drop in organic leads from their website when they brought on a new lead aggregator. We found that the lead aggregator had created a VERY similar name website as our client and was purchasing ONLY brand traffic to drive leads. Effectively, our client was paying for their free traffic to be stolen.

PPC

LEADS

TRAFFIC

LEADS

TRAFFIC

PPC

LEADS

9. Lead aggregators can damage your brand

Even if they are generating the leads on their own it can be from dubious means like surveys, as part of a form request for another service, or a requirement to get something of value like a how-to guide or similar.

Do you really want to be associated with shady lead generation practices?

Further, do you want your customers to experience having up to five commission-based sales people calling them day and night trying to set an appointment? Lastly, do you want your sales team to have to educate potential customers on who you are and explain to them how you bought their lead?

10. SEO builds goodwill with your customers

Customers tend to feel “just like another number” when they are referred to a business by a lead aggregator.

However, customers who find a home services company through referrals or organic searches report higher customer satisfaction.



Stop Paying for Clicks. Start Generating Revenue.

Most marketing agencies focus on impressions. We focus on measurable business growth. Partner with Intellibright using our fixed monthly fee or pay-per-sale model.

Albert Einstein was known for saying, “The definition of insanity is doing the same thing over and over again, but expecting different results.” If purchasing leads continues to increase your expenses and decrease your revenue and employee retention, it’s time to try a new approach.

Is It Time for a New Strategy?

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Intellibright's performance-focused team generates measurable revenue growth through data-driven digital marketing strategies that deliver real business results. Contact us today to learn how we can get you meaningful leads today.

CONTACT