

ADVERTISING HOME SERVICES: How a Multi-Channel Approach Can Lower Your Cost-Per-Lead

Advertising your home services business isn't as simple as it used to be. The days of word-of-mouth advertising, flyers hung on front doors, and painting advertisements onto your own service vehicles may not be over, but they've become more complicated as increased competition, and new digital advertising channels, have changed the playing field for the entire industry.



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While many home services businesses may have resisted digital transformation in the past, today's companies know they can't afford to ignore modern opportunities to generate new leads. Research shows that 94 percent of construction businesses now rely on digital advertising to promote their business locally.¹

The current state of home services advertising is split almost evenly across the digital/traditional divide. According to a survey from BIA Advisory Services, home services businesses spend just over 48 percent of their advertising budgets on traditional advertising channels like direct mail, radio, and print campaigns.² The rest of their budgets are being put toward digital advertising channels such as SEO and paid social ads.

For the most part, those efforts are paying off: in the construction industry, for example, 70 percent of businesses say they've seen a positive return from paid social media advertising.³ But in a competitive marketplace such as home services, generating a positive return is only part of the battle in building a sustainable advertising model.

IN THIS GUIDE:

- We'll outline risks that come with inefficient ad spending and high cost-per-lead (even if your advertising and marketing is currently generating positive ROI)
- Provide a straightforward strategy to build a multi-channel campaign that offers short-term gains in ROI
- Set the stage for long-term profitability through optimized spending and accelerated growth of your customer base

The High Cost of Generating Leads in the Home Services Industry

For many businesses, the cost to generate a single lead remains far too high, averaging between \$300–500 per lead, depending on your industry subsector.⁴ This creates a slim margin of error when it comes to staying competitive in your local market. And, over time, it can hinder your ability to expand your ad budgets and grow your customer base. This constricts your business to a growth trajectory, giving competitors an easier path to increasing their market share and squeezing out your business.



Lead generation is crucial to maintaining and growing your business. But your cost-per-lead (CPL) determines just how many leads you can generate through your advertising budget. Cutting your CPL in half can be a gamechanger for your advertising strategy, giving you twice as many leads for your spending, and raising the ceiling for your ROI.

An ad budget gives you money to invest in reaching customers. But the ad strategy itself is what will determine what kind of growth potential you can generate from this budget. While traditional advertising channels still play a crucial role in generating leads and customers in the home services business, digital ad channels offer advantages in targeting, optimization and cost management that can buoy your ad strategy and raise it above the fray of competition in your local market.





Confronting the Challenges of Advertising During Peak Seasonal Demand

Unlike other industries, the cost of home services advertising can be subject to fluctuations based on shifting market conditions. This includes not only increased competition in your local market, but also peaks in seasonal demand seen in many sub-sectors of the home services industry.

Furnace tuneups are in-demand in the fall. Air conditioner installations can only take place during warm weather. Frozen pipes, and the plumbing repairs they require, only occur in below-freezing temperatures. In all of these cases, seasonal demands for services can produce a spike in demand for home services—and companies providing those services are eager to position themselves as the answer to those needs.

Visibility and brand awareness are key to securing this seasonal market share, which is why direct mailings, paid search campaigns, paid social ads, and traditional radio and print ads are usually timed to display during the windows where consumers are most likely to be looking for these services. But that increased competition can also drive up the price, especially in cases like SEO, where keyword competition has a direct impact on price.

A multi-channel approach to advertising doesn't mean you can save yourself from the seasonal ebbs and flows of certain advertising costs. But it does give you the ability to invest in brand awareness and customer engagement outside of these seasonal windows—and give your business an advantage when it comes time for customers to seek out your services.





Lowering Your Marketing CPL: A Two-Phase Process

While a diverse ad strategy requires investments into a greater number of ad channels, the benefits of this broad spending are achieved by creating more efficient ad campaigns that leverage multiple channels and increase either your volume of incoming leads, the value of those leads relative to your spending, or both.

There's plenty of proof multi-channel advertising offers the greatest value in connecting with customers. Past studies have shown that a multi-channel strategy offers a potential ROI increase of 24 percent, on average.⁵ Meanwhile, some industries have seen multi-channel strategies increase a customer's lifetime value (LTV) by 30 percent.⁶

Even when your CPL stays the same, increased sales and LTV increase the ROI from those efforts by generating additional revenue for each lead. **But by combining traditional and digital channels into an advertising strategy for your business, you can implement changes that directly lower your CPL without sacrificing lead performance.**

Digital and traditional channels can work together as part of larger, more complex customer journeys—particularly the kinds of customer journeys home services customers might be taking. As is the case in many industries, today's consumers are far more inclined to conduct research before hiring a business or purchasing a product: **Depending on the type of home services customers need, the process of researching to find the right business can last for 30 days or more, according to Google.**

Furthermore, **70 percent of consumers turn to online search at some point in their path to conversion⁷**, which means your home service business is going to be one of several different options potential leads consider in their research process.

To lower your cost per lead, your business needs to find the most efficient and cost-effective way to remain visible in this search process—even over the course of hours, weeks, and days. Here are two key ways to make it happen.

1 Expand Advertising Across Both Digital and Traditional Channels

You know you need to diversify your strategy. But how do you make this happen—especially without drastically increasing your advertising budget?

The key to success is finding cost-effective advertising that reaches your target audience. While it's clear that online search, social media, and other timely, digitally delivered ads are an important complement to ongoing traditional ads for your business, how you build and launch these channels will go a long way toward determining their ultimate value for your business.

As you approach this process, here are two overarching goals to keep in mind—along with some specific guidance on how to maximize the value of these channels.

Look for High-Value Ad Opportunities

With expanded digital and traditional ad options, your ad strategy to lean toward opportunities that offer the best cost-benefit proposition. Examples of this include:


- **Less competitive keywords, including long-tail keywords, when advertising through search.** While higher-volume keywords might be most relevant and utilized by your target audience, they may also come at a premium price due to increased bidding. By searching for relevant keywords without the same level of competition, you can target the same consumers at a much lower cost—even when seasonal surges occur.
- **Careful ad targeting to minimize wasted spending.** Social media, digital video and other digital channels give you the ability to target ad exposures to granular consumer data, including location, demographics, interests, online behaviors, and other data points. Compared to the broad exposure offered by many traditional ad channels, digital ad filtering lets you select a more specific audience, increasing the likely relevance of your ad to each online consumer.
- **Targeted ad deployment to your local geographic area.** Home services businesses serve a set geographic area—and are often reluctant to move outside of those boundaries. With geotargeted ads, including ads deployed through mobile devices, your business can specifically target the geographic areas you serve—right down to specific ZIP codes and/or geographic proximity to your business location.
- **Investments into ad inventories highly correlated to your target audience.** Cable TV ad inventories, for example, can be purchased based on both the type of content airing around your ad, as well as the geographic area where those ads are being displayed. This offers far more precise ad targeting than network TV ads, which can result in a more cost-effective campaign.

Focus on Connection, Not Conversion

Home services customers likely fall into one of two categories: Consumers researching service providers for work that isn't time-sensitive, and consumers in need of immediate service to address an appliance breakdown, burst pipe, or other urgent situation.

In both of these scenarios, home services businesses can strengthen their lead conversion potential by investing into an ongoing relationship with those consumers—keeping that business top-of-mind in anticipation of the consumers' future moment of need. Here are some ways digital advertising can help:

- **Encourage current and prospective customers to follow you on social media.** Social media offers a form of connection that will keep your business visible and top-of-mind with consumers. It can also provide an organic, and therefore cost-effective, channel to share promotions or other incentives for new customer conversions.
- **Deliver value through an email newsletter.** DIY tips, home maintenance advice, and other educational content can be a compelling reason for consumers to connect with your business through email. That connection then provides a channel for continued engagement, keeping your business visible and top-of-mind.
- **Update your blog regularly.** Regular blog posts can be repurposed in many ways to offer value. In addition to generating organic search traffic, they can be featured in emails, shared on social media, and highlighted through other channels to demonstrate your expertise and incentivize engagement from your target audience.
- **Keep business listings up-to-date.** Accurate business hours, phone numbers, websites, service offerings, and other basic info will make it easier for consumers to find and connect with your business.
- **Respond quickly to emails, voicemails, and social media messages.** Digital engagement channels can be very cost-effective when managed responsibly. When consumer inquiries receive a slow response, it can throw away all the hard work—and advertising costs—that went into generating that referral and lead opportunity. This is especially true when desperate consumers are searching for



“ Strengthen lead conversion potential by investing in an ongoing relationship with the right consumers. ”

Optimize Your Marketing Mix to Increase ROI

Once you've figured out how to spread your advertising dollars across a combination of traditional and digital ad channels, you've laid the groundwork for a more cost-efficient strategy capable of reducing your average cost per lead. But there's still work to be done to realize this potential, and it will be achieved only after you've taken time to launch and monitor these campaigns.

In particular, you'll want to observe which channels are most effective in generating leads for your business—both in terms of their rate of success, and the average cost of those leads. While keeping in mind that many leads will engage with multiple ad channels on their way to becoming a bona fide lead, you should use an analytics solution—ideally one that offers attribution tracking—to understand where you're getting the most bang for your buck across both traditional and digital channels.



Once you have at least 30 to 60 days of performance data to evaluate, consider adjusting your marketing mix to increase spending for cost-effective channels, while minimizing spending on channels that offer less value to your business. For example, you might find that the high cost of network TV ads isn't being supported by the insignificant leads generated through this process. At the same time, though, cable TV ads may be delivering leads at twice the rate, and only a fraction of the cost.

Similarly, paid search advertisements may prove to be one of your best channels, in terms of achieving a low cost-per-lead. But even within this paid search strategy, certain keywords may demonstrate higher value than others. As you move forward, you may consider expanding spending on those high-ROI keywords, while testing out new long-tail keywords as you continue searching for the most cost-effective advertising options.

Don't Let High CPLs Kill Your Profit Margin

A high cost-per-lead places a low ceiling on your company's profit potential—and your ability to grow your customer base. **While traditional ads remain a highly effective ad strategy for home services businesses, digital channels can offer cost-effective value both on their own, and in collaboration with traditional advertisements.** Over time, this can strengthen your company's visibility in your local market, and give you a crucial edge over the competition in your home services category.

Overwhelmed by your digital ad options? Take the stress out of this process by working with a digital advertising partner you can trust. Better yet, find an ad partner with experience helping home services businesses win the battle for customers in their local service area.

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1.855.755.2691



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