

# **Crossing the Chasm with Automated Lead Management**

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## Executive Summary

Automated lead management technologies are rapidly becoming critical enablers to Best-in-Class performance. These tools help bind sales and marketing to maximize the delivery of sales-ready leads from marketing to sales; making both sales and marketing more efficient and effective. This study captured adoption trends for automated lead management from 205 organizations in December 2009. The report highlights best practices for extracting value from automated lead management investments.

### Best-in-Class Performance

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Aberdeen used the following four key performance criteria to distinguish Best-in-Class companies:

- 90% improved company-wide annual revenue growth; the average performance increase was 59% from 2008 to 2009
- 88% improved their click-through rate on e-mail marketing; the average performance increase was 23%
- 87% improved annual growth in customer acquisition revenue; the average performance increase was 51%

### Competitive Maturity Assessment

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Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- 70% measure the number of qualified leads that are delivered from marketing to sales
- 43% use customer behavior patterns to prioritize marketing campaigns
- 41% periodically update the customer database with information on buying behavior and recent interactions

### Required Actions

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In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Engage in collaborative discussions between sales and marketing to develop a formal definition for a "qualified lead"
- Incorporate triggers in lead nurturing campaigns to entice prospects with new information and engage in an active dialogue with prospects
- Track lead to sales conversion rates: 86% of the Best-in-Class improved lead to sales conversion over the last year, versus 39% of all others (Industry Average and Laggards combined)

#### Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"Lead management delivers more integration with automated campaign management (especially when workflow is integrated with decision-making)."

~ VP of Marketing, Software

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## Chapter One: A Business Case for Automated Lead Management

### Business Context

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Digital channels have given target audiences more influence than ever before. Educated customers lead to more complex sales cycles and greater competition for market share. Maintaining a competitive advantage in this environment requires nurturing, superior customer experiences, and a seamless flow between marketing and sales. In July 2009, Aberdeen surveyed 230 organizations to identify best practices in managing the lead lifecycle- from prospect, to customer, to repeat customer ([Lead Lifecycle Management: Building a Pipeline that Never Leaks](#)). The findings revealed Best-in-Class organizations were two times more likely than all others (Industry Average and Laggards combined) to leverage automated technology as an enabling component to superior process and organizational culture. But, is this an indication that lead management technologies will become essential building blocks for effective lead management and demand generation in the future? Between November and December 2009, Aberdeen surveyed 205 organizations to isolate current and future trends in automated lead management adoption and best practices for extracting measurable ROI from automated lead management investments.

### Fast Facts

- ✓ 21% of respondents plan to use automated lead management tools in the next 12 months
- ✓ 26% of all respondents plan to incorporate automated lead scoring to manage lead nurturing programs

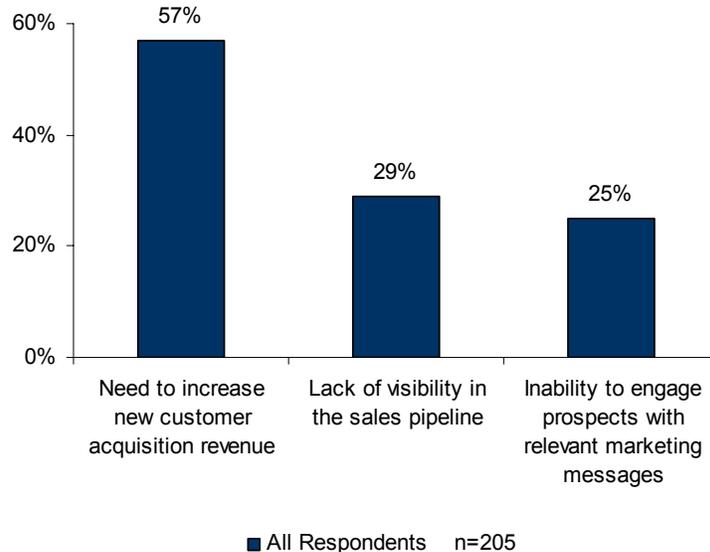
### Automation Helps Enable Personalization

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In order to succeed in this challenging environment, marketers must bring value in exchange for finite mindshare. Mass marketing techniques are outdated. We are in an economy of attention where consumers are choosing which messages are most appropriate for their inbox or mobile device. Relevance, personalization and timely engagements with prospects generate two- to three-times higher engagement with a target audience ([Email Marketing: Get Personal with Your Customers](#)). The simple fact of the matter is that it's just not possible to manually engage with each prospect at just the right time, with just the right information. Never before has there been a greater need to automate the complexities of engaging with prospects and customers.

The need to increase new customer acquisition is overwhelmingly the number-one pressure driving investments in automated lead management in 2010, as indicated by 57% of all respondents (Figure 1).

**Figure I: Pressures Driving Automated Lead Management Investments**



Source: Aberdeen Group, January 2010

Automated lead management technologies (also sometimes referred to as automated demand generation, demand generation systems, or marketing automation solutions) help address this pressure by automating customer engagement across two or more marketing channels to identify, track and nurture new revenue opportunities.

Automated lead management technologies typically include the following capabilities:

- Behavioral tracking, across email and the website
- Lead prioritization and scoring: the numeric quantification of prospect engagement
- Lead nurturing: the ability to automate trigger or drip marketing campaigns for more timely and relevant follow-up
- Integration with CRM: the ability to integrate with CRM to deliver notifications to sales about qualified opportunities

Lack of visibility into the sales pipeline constrains an organization. It's like trying to run an engine without oil. Without measurement, marketers cannot know how or where execution is falling short. This impacts top line revenue and bottom line operational productivity. On the surface, lead management often seems like a campaign management tool, but in reality lead management technology binds sales and marketing through accountability. Organizations can see exactly where marketing may be falling short in educating new prospects or the impact marketing has on top line revenue growth.

## The Maturity Class Framework

Aberdeen used four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- Annual revenue growth from 2008 to 2009
- Click-through rate on email: Best-in-Class achieve higher performance on click-through rates because they engage in personalized outbound campaigns. Aberdeen research shows that personalization can lead to two- to three-times higher click-through rates over mass email techniques.
- Customer acquisition revenue: Growth in new customer acquisition revenue was a number one pressure among all respondents. Customer acquisition revenue represents revenue from net-new customers gained over the last year. The Best-in-Class were 2.9 times more likely than all others to report increased performance in customer acquisition over the last year.
- Lead to sales conversion: The percentage of leads that result in a closed sale. The Best-in-Class demonstrate a collaborative environment between marketing and sales. Formalized processes define how to deal with leads based on the stage in the buying and sales cycle. These processes circumvent short term opportunities and route them directly to sales giving the Best-in-Class a leg up on the competition

**Table 1: Top Performers Earn Best-in-Class Status**

Definition of Maturity Class	Mean Class Performance
<b>Best-in-Class: Top 20%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 79% improved company wide annual revenue growth; average performance increase was 59%</li> <li>▪ 74% improved click-through rate on e-mail; average performance increase was 23%</li> <li>▪ 82% improved annual growth in customer acquisition revenue, average performance increase was 51%</li> <li>▪ 75% improved current lead to sales conversion, average performance increase was 23%</li> </ul>
<b>Industry Average: Middle 50%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 63% improved company wide annual revenue growth; average performance increase was 9%</li> <li>▪ 51% improved click-through rate on e-mail; average performance increase was 6%</li> <li>▪ 53% improved annual growth in customer acquisition revenue, average performance increase was 8%</li> <li>▪ 66% improved current lead to sales conversion, average performance increase was 13%</li> </ul>

Definition of Maturity Class	Mean Class Performance
<p><b>Laggard:</b> <b>Bottom 30%</b> of aggregate performance scorers</p>	<ul style="list-style-type: none"> <li>▪ 25% improved company wide annual revenue growth; average performance <u>decrease</u> was 3%</li> <li>▪ 12% improved click-through rate on e-mail; average performance did not change versus previous year</li> <li>▪ 6% improved annual growth in customer acquisition revenue, average performance <u>decrease</u> was 2%</li> <li>▪ 12% improved current lead to sales conversion, average performance increase was 1%</li> </ul>

Source: Aberdeen Group, January 2010

## The Best-in-Class PACE Model

The effective use of automated lead management requires a combination of strategic actions, organizational capabilities, and enabling technologies as shown in Table 2.

**Table 2: The Best-in-Class PACE Framework**

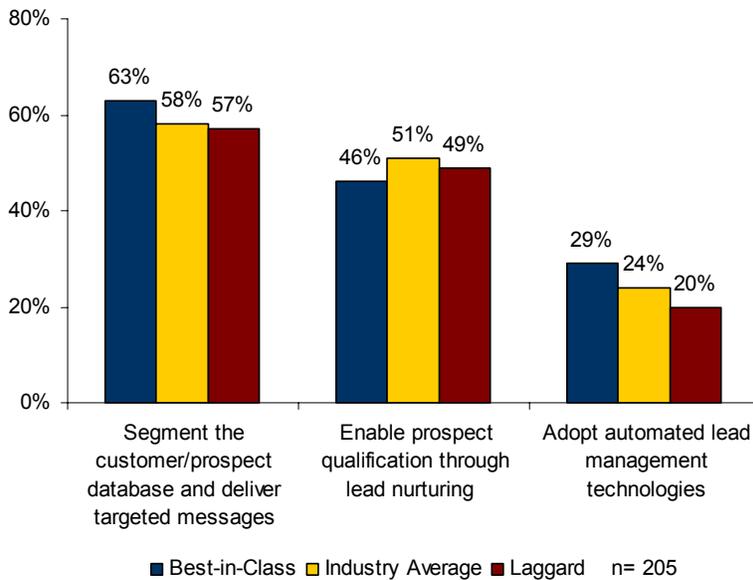
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> <li>▪ Need to increase new customer acquisition revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Segment the customer/prospect database and deliver targeted messages</li> <li>▪ Enable prospect qualification through lead nurturing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Qualified leads are routed to distributed sales organization</li> <li>▪ Ability to measure the number of qualified leads delivered to sales</li> <li>▪ Marketing and Sales collaboratively defined what constitutes a 'sales-ready' lead</li> <li>▪ Periodically measure the ratio of leads to close</li> <li>▪ Lead Administrator or individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer Database</li> <li>▪ Email Marketing</li> <li>▪ Customer Relationship Management (CRM)</li> <li>▪ Customer Segmentation and Targeting</li> <li>▪ Web Analytics</li> <li>▪ Landing page creation tools</li> <li>▪ CRM and Lead Management Integration</li> <li>▪ Lead Management Dashboards</li> <li>▪ Lead Scoring</li> </ul>

Source: Aberdeen Group, January 2010

## Best-in-Class Strategies

To increase new customer acquisition, as well as gain greater visibility into the sales pipeline and engage prospects with marketing messages that are more relevant to their interests and purchase history, nearly two-thirds of the Best-in-Class are focused on segmenting their customer and prospect databases. And, nearly one-half of Best-in-Class are focused on aiding in sales ability to close new deals by providing prospects that are more nurtured and qualified. Figure 2 outlines the three most prevalent strategic actions respondents will leverage to mitigate these pressures.

**Figure 2: Top Strategies for Mitigating Top Pressures**



Source: Aberdeen Group, January 2010

All respondents are increasingly relying on segmentation to extract more value from marketing spend. Lead nurturing campaigns (which are marketing campaigns executed to educate prospects) are also becoming a standard strategy for all respondents. However, differences between Best-in-Class adoption and Laggard adoption of lead nurturing are significant ([Lead Nurturing: The Secret to Successful Lead Generation](#)). Prior Aberdeen research revealed that the Best-in-Class were more likely to nurture based on prospect behavior, delivering more timely and relevant customer experiences. These result in higher lead-to-sales conversion rates than Laggards. While 49% of Laggards cite increased use of lead nurturing campaigns, these campaigns are of little value if they cannot engage prospects with relevant information based on the prospects stage in the buying cycle.

### Case Study — Infoblox

Infoblox delivers highly reliable and manageable platforms for core network services like Domain Name Resolution (DNS), IP address assignment (DHCP), IP Address Management (IPAM) and more. Infoblox solutions are used by more than 3,000 organizations worldwide, including over 100 of the Fortune 500. Headquartered in Santa Clara, California, Infoblox operates in more than 30 countries worldwide.

*continued*

### Case Study — Infoblox

With a management culture focused on accountability to metrics, Infoblox methodically tracks each stage of the sales cycle on a “CMO Dashboard” that reports on the conversion of marketing generated inquiries through each stage of the sales waterfall – from inquiry to Marketing Qualified Lead (MQL), to Sales Accepted Lead (SAL), Sales Qualified Lead (SQL) and ultimately to closed business. By analyzing these conversion rates, marketers at Infoblox identified a goal of increasing sales qualified opportunities.

As a benchmark, a Telesales pro at Infoblox can make 100 calls a day which converts into 1.2+ SQL / day. To increase conversion of SQLs, marketing implemented a lead nurturing program for every new lead entering the system in order to warm up and better qualify the leads that ultimately get sent to telesales. Additionally, a lead scoring program was rolled out to help the telesales team better prioritize how they spend their time. With more qualified lead data and a focus on only the best leads based on prospect fit and behavior, the telesales team was able to be more efficient and productive.

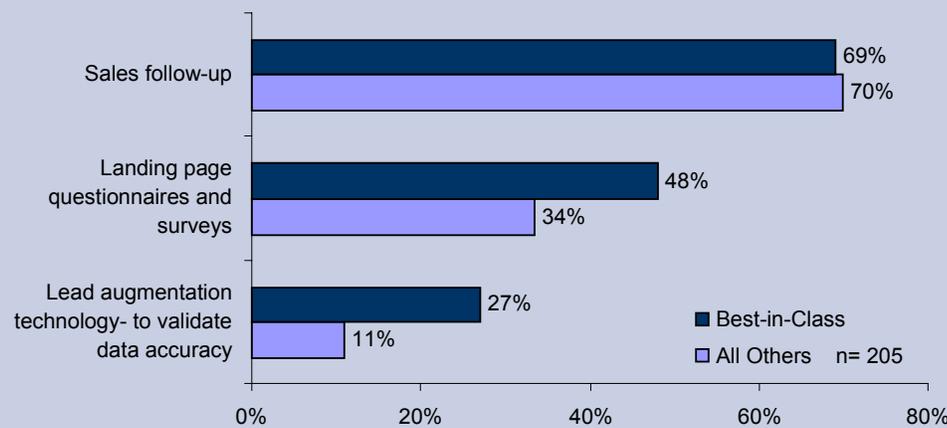
By combining a lead nurturing program and a powerful lead scoring program, the marketing team was able to deliver more high quality MQLs and the telesales team increased their productivity by over 20%.

While automated lead management technology is not a requirement for engaging in segmentation or nurturing, the tools are designed to mitigate these challenges and the resource burden of manually engaging in these activities. For this reason, adoption of an automated lead management technology is a top three strategy for 24% of all respondents. The results support prior research from 2009 ([Data Driven Marketing](#)) that revealed only 17% of all respondents were leveraging dynamic capabilities for personalized engagement online or over email. Companies struggle with personalization because of data quality issues. If marketers can't trust the data in the customer database, how can they use it for segmentation or personalization campaigns? Best practices in data validation are addressed in the Strategy callout in Chapter Two. As we will also discover, the Best-in-Class are more likely to leverage automated lead management tools to optimize segmentation and nurturing. Integration with CRM and reporting capabilities within these tools also adds visibility into the sales pipeline, a top-two pressure for all respondents.

**Aberdeen Insights — Strategies for Validating Customer Data**

When it comes to generating results with automated lead management tools, the name of the game is quality over quantity. Lead management technology can help identify prospects with a higher propensity to purchase based on unique behavior that is pre-defined in scoring methodologies. But, it's still important to validate and in some cases augment customer data records that are created by lead management tools. After prioritizing new leads, 70% of all respondents relied on sales to follow-up and validate contact information, the opportunity timeline, and other key buying indicators (Figure 3). However, the Best-in-Class are 1.4 times more likely than all others to engage new opportunities through a series of pre-developed qualification questioners and surveys to further validate opportunities. These questions may be asked over a series of value-add downloads (as criteria for free whitepapers, etc). the Best-in-Class are also 2.5 times more likely than all others to use a lead augmentation technology to both validate data accuracy and augment the customer database with additional relevant contacts within an organization.

**Figure 3: The Best-in-Class are More Likely to Augment Customer Data with Third Party Services (Current Processes for Validating Customer Data)**



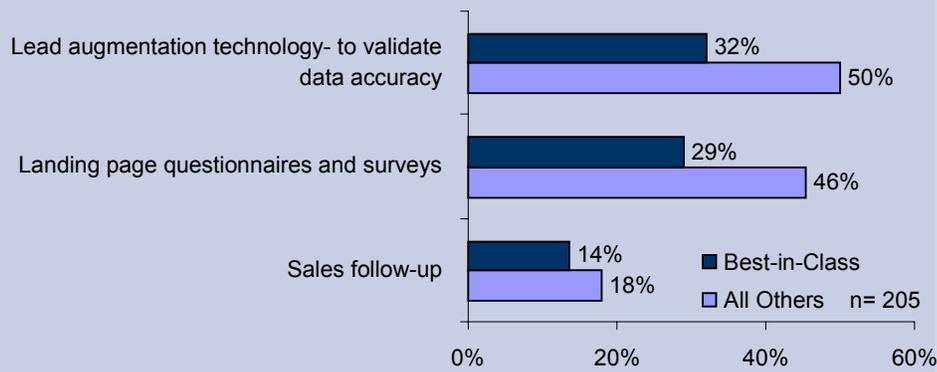
Source: Aberdeen Group, January 2010

It's equally valuable to identify what companies are planning on doing in the future (Figure 4). Current practices don't necessarily dictate future success, so it's interesting to note all organizations are assessing the value of lead augmentation technologies in the future.

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**Aberdeen Insights — Strategy**

**Figure 4: Plan to Validate Prospect Data and Qualify New Opportunities**



Source: Aberdeen Group, January 2010

Some on-demand lead augmentation tools tout the benefits of not only identifying and validating who is on a website based on an IP address or email address, but also automatically providing additional contacts within an organization; something both sales and marketing can use to grow customer acquisition revenue.

In the next chapter, we will explore adoption trends with automated lead management technology and identify best practices for leveraging automated lead management.

## Chapter Two: State of the Market: Automating Lead Management

Using vendor reported data from 2009, and making some reasonable assumptions, Aberdeen estimates there are somewhere between 1,400 to 1,500 companies worldwide that have invested in automated lead management tools with lead prioritization, lead scoring, lead nurturing, and behavioral monitoring capabilities (this excludes free trials of software). Automated lead management technology has yet to join the ranks of email marketing, CRM, or ERP. Aberdeen's research shows that the adoption of automated lead management technology is most prevalent among B2B environments where sales cycles tend to be longer and more complex. In fact 75% to 80% of companies that indicated they were "currently using a lead management technology" in Aberdeen's 2009 research were B2B focused.

However, by late 2009, the benefits of automating customer engagement based on behavior increasingly started to cause B2B, B2C, and hybrid B2B2C companies to evaluate automated lead management. Twenty-two percent (22%) of the respondents to this survey were B2C and of these 34% indicated they were planning on investing in lead management in the next two years.

### Fast Facts

- √ 57% of Best-in-Class use online behavior in lead scoring formulas versus 20% of Laggards
- √ 93% of Best-in-Class use email marketing activity in lead scoring formulas versus 62% of all others

### Case Study — Scientific Equipment and Solutions

A \$1.9 billion scientific equipment and solutions company operating in 125 countries with 10,700 employees wanted to improve the productivity of their 200+ worldwide sales people. Each year the company receives nearly 15,000 leads from various sources – business reply cards, web pages, direct mail, trade show contacts, paid media, and sales person generated leads.

The company has a complex multi-tiered sales and lead distribution system based on the product the inquirer is interested in, the inquirer's geographic location and any key accounts that are assigned to special sales people. Some sales people also specialize in selling specific products. Prior to changing internal processes and implementing a lead management system, the company distributed all leads into a Sales Force Automation (SFA) system without pre-qualification. The lead distribution logic for the SFA system had flaws; often the wrong lead went to the wrong sales person. As a result, the sales people had low confidence in the leads. "One of the most common issues that I heard from our sales professionals was that a large majority of leads distributed to the sales force were of little value," said the company's American Region Field Sales Executive. Also, few leads in the SFA system had final dispositions (sales action taken) marked in the lead record. Marketing and sales managers had no idea what was happening with the majority of the leads.

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### Case Study — Scientific Equipment and Solutions

With the goal of improving sales productivity, increased quality of leads, and reduced sales cycles, the company invested in a lead management technology that linked with SFA. Major milestone changes after the implementation included:

- Aligned sales and marketing to clearly define the criteria for a qualified lead and the differences between a hot and warm lead and a lead that is not ready to buy
- Standardization of qualification questions used on inquiry forms for all lead generation vehicles to collect more and better qualifying information
- Re-prioritization of the lead ranking criteria so only the hottest leads went to sales
- Implementation of a nurturing program using the lead management company's call center to keep low quality leads in the pipeline, moving them closer to a sale
- Analysis to identify which lead generation sources produced the highest quality leads

Now, when a lead is captured from all sources, the system automatically reads the variables (product interest, geography, time table for purchase) to qualify, rank and distribute only the high quality leads to sales through the SFA system. If a lead is interested in only one product, it goes to the appropriate sales person in that defined geographic area. If a lead is interested in multiple products, which may be sold by multiple sales product specialists, the lead management system automatically produces multiple lead records and sends each sales specialist the lead. This allows all sales people to simultaneously sell their specific product lines to the same lead. No opportunity is lost.

Analysis of the full implementation and a cost-benefit analysis of the technology investment suggested the company achieved the following benefits

- 67% of leads came from the web, the source of most low quality leads. The web form was tied to the lead management system, and these leads immediately flowed into the funnel. Lower quality web leads were contacted by the lead management company's contact center for further qualification and ranking.

*continued*

### Case Study — Scientific Equipment and Solutions

- Shortly after installing the lead management system, analysis showed 64% of qualified leads were opened and viewed by the sales people, and only 34% of all leads were followed up on.
- 1,151 leads were qualified as warm or hot, which meant that prior to installing a lead management system over 10,000 lower quality leads were immediately distributed to sales.

In the first year of using the lead management system the company estimated an increased sales productivity of 8%. To further boost ROI, the company switched from hard copy fulfillment of brochures to email links pointing to electronic versions of the brochures. The email also included a link to request a hard copy. However, only 2% of prospects requested a hard copy. Postage costs were reduced 80%. Printing costs were significantly trimmed. "I am excited. The improvements helped us better respond to our customer needs and generate more opportunities for us to win," explained the American Region Field Sales Executive.

### Current Adoption Trends

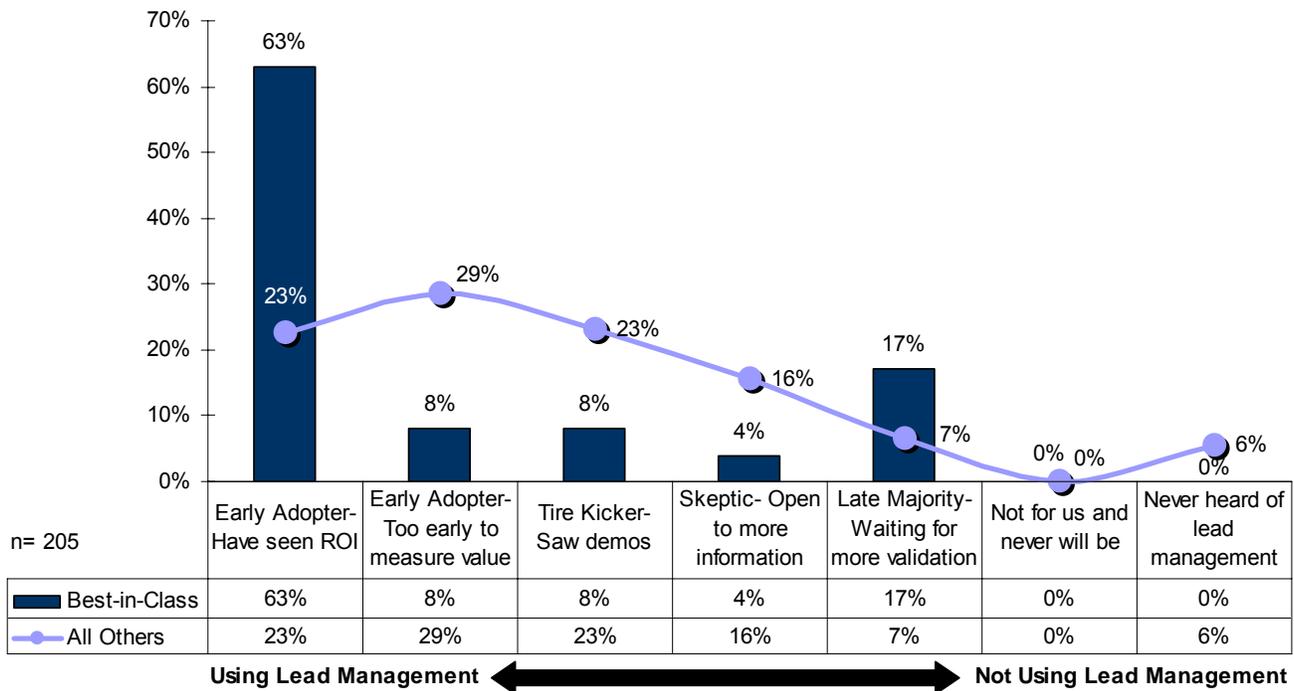
The research uncovered a surprisingly large number of companies that were currently leveraging an automated lead management tool. Figure 5 segments all respondents by the following adoption classifications:

- Early adopter
  - Invested in lead management, have seen measurable ROI
  - Solution is new, too early to measure the value
- Tire kicker: Saw demos, did a trial, but still trying to justify an investment
- Skeptic: Heard about lead management technology, open to more information, but still haven't tried it
- Late majority: Waiting until lead management becomes a standardized enabler like CRM or ERP
- Non-user: Understand lead management, but it's not for us and never will be
- Never heard of lead management therefore can't make an informed decision about adoption

"We're making incremental improvements in our use of technology to both automate and measure our lead process. The part we're really working at now is using that data to make improvements and better decisions about strategy and tactics."

~ Jonathan Goodman, EVP  
Business Development, Media  
and Publishing

**Figure 5: Current Adoption Trends of Automated Lead Management Tools**



Source: Aberdeen Group, January 2010

**The Best-in-Class are More Likely to Leverage Automated Lead Management Technologies**

Figure 5 indicates at least 71% of the Best-in-Class and 52% of every other organization are using automated lead management technologies. Most impressively, however, is that the Best-in-Class are 1.7 times more likely than all others to indicate they have experienced ROI as a result. Figure 5 does not suggest widespread increased adoption of automated lead management. However, very few organizations indicated they had never heard of lead management or saw no value in the technology.

In the next section, we will explore the internal capabilities that empower the Best-in-Class to maximize investments in automated lead management.

### Case Study — Zimbra

Zimbra (which recently announced a pending acquisition by VMware), is the leader in open source, next-generation messaging and collaboration software. As a technology and software company, Zimbra was well acquainted with the traditional bulk mail applications. “Demand gen has always been critical for us, we considered lead management technology very early on in our startup days,” said Greg Armanini, Director of Marketing at Zimbra. “I’m pretty blunt with people who aren’t using lead management. You have to be crazy not to be using a lead management tool. Once you see the power of what they can do, you look at the team and ask why it’s not there.”

Zimbra is using lead management to send trickle campaigns to leads. As an open source provider, prospects may trial for six weeks and go dark. Most of the time people get busy so they welcome an opportunity to get an extension or start a new dialogue. Automated lead management helps automate these interactions and maximize customer engagement and conversion. Armanini reported a 15% quarterly close rate, up from 10%, after implementing a second provider of automated lead management. Close rate is the percentage of companies that move to a closed opportunity in CRM. This speaks to the value of finding an automated lead management provider with capabilities that fit into the organizational culture. More features and deeper functionality aren’t always the most appropriate answers for some companies.

Armanini also indicated that the company uses the performance reporting capabilities to periodically check the funnel for new opportunities, that’s when “the fun starts” because from there you start to watch opportunities as they engage with the website and sales people start to enter the mix.

### Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

**Table 3: The Competitive Framework**

	Best-in-Class	Average	Laggards
<b>Process</b>	Customer behavior is used to personalize marketing campaigns		
	43%	25%	17%
<b>Organization</b>	Marketing and sales collaboratively defined what constitutes a 'sales-ready' lead		
	65%	39%	31%
	Lead Administrator or individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data		
	62%	48%	41%
<b>Knowledge</b>	Ability to measure the number of qualified leads delivered to sales		
	70%	54%	42%
<b>Technology</b>	Automated lead management technologies currently in use:		
	<ul style="list-style-type: none"> <li>▪ 96% Customer Database</li> <li>▪ 95% eMail Marketing</li> <li>▪ 82% Customer Relationship Management (CRM)</li> <li>▪ 76% Customer Segmentation and Targeting</li> <li>▪ 63% Lead Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ 79% Customer Database</li> <li>▪ 68% eMail Marketing</li> <li>▪ 66% Customer Relationship Management (CRM)</li> <li>▪ 56% Customer Segmentation and Targeting</li> <li>▪ 45% Lead Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ 76% Customer Database</li> <li>▪ 56% eMail Marketing</li> <li>▪ 53% Customer Relationship Management (CRM)</li> <li>▪ 50% Customer Segmentation and Targeting</li> <li>▪ 35% Lead Management</li> </ul>
	Periodically measure the ratio of leads to close		
	64%	57%	34%
<b>Performance</b>	Periodically update customer database with buying behavior		
	43%	29%	25%
	Monitor bounce-rates and follow-up with bounced emails via a phone call		
	41%	26%	19%

"I would appreciate it if lead management providers would simplify in plain terms what the tools can do, and what they can not do."

~ Director of Marketing,  
Financial Services

Source: Aberdeen Group, January 2010

## Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates process and organizational culture are the number one drivers behind successful

lead management initiatives. Technology alone is not the key to success, but it's a critical component to generating more relevant engagement and purpose built interaction with prospects and customers.

## **Process**

Customer behavior has largely become a catalyst for segmenting prospects. Marketers can predict the propensity for a prospect to interact with marketing messages or sales reps based on how recent a prospect's interaction was, how frequent they interacted during this time, and whether or not they influence purchase decisions for their organization. In fact, some technology providers can segment based on Recency, Frequency, and Monetization (RFM) analysis delivering behavior based segmentation across one or more marketing channels. The Best-in-Class are 2.5 times more likely than Laggards to personalize outbound marketing engagements based on behavior.

Nothing is more important than process when it comes to building a Best-in-Class lead management engine; process separates the Best-in-Class from the Laggards. Pre-defined standards for identifying a qualified opportunity are critical to maximizing the output from lead management tools. What path does a lead take based on their stage in the buying or sales cycle? How are leads delivered from marketing to sales? How does the organization track lead to sales performance for accountability across marketing and sales? Formalized processes for routing leads to sales or from sales back to marketing are critical components to Best-in-Class lead management practices ([\*Lead Lifecycle Management: Building a Pipeline that Never Leaks, July 2009\*](#)).

## **Organization**

Process and organizational capabilities typically blend when it comes to automating lead management. Formalized practices are key to collaboration between sales and marketing. Both sales and marketing are by nature unstructured activities; every rep is different and every marketer brings a different creative perspective. But, both functions need to collaborate to eliminate redundant activities. Technology can help trim away some of the fat in the lead pipeline; some prospects are simply not worth pursuing. However, the Return on Investment (ROI) in lead management technologies is not derived from the features in the tool. ROI comes from the tool empowering marketers and empowering sales to be more effective with their time and more relevant with their interactions.

The Best-in-Class are 1.5 times more likely to employ a liaison between sales and marketing. This individual is the glue that binds accountability between the two functions and helps drive visibility in the sales pipeline (a top strategy for all respondents in 2010). These individuals typically have marketing or sales operations titles.

## Knowledge Management

Increased visibility into the sales pipeline was a top three pressure driving lead management investments. For Best-in-Class organizations, visibility into the sales pipeline is not only critical to meeting targets, but also critical for forecasting resources. This capability is directly linked to technology enablers which allow the Best-in-Class to drive accountability and centralized measurement for marketing and sales performance. Seventy-six percent (76%) of the Best-in-Class have historical benchmarks for performance comparisons. Technology can help standardize and centralize key metrics like the lead-to-sales conversion rate, new customer acquisition, and return on marketing campaigns. The Best-in-Class are three times more likely to incorporate landing pages in outbound digital marketing campaigns. These landing pages aid in measuring ROI on search engine marketing and email marketing effectiveness.

The Best-in-Class are two times more likely than Laggards to link automated lead management tools to CRM. This integration is critical for enabling sales with granular context about the details of a lead score, recent prospect activity, and nurturing programs from marketing. Prior Aberdeen research, [Lead Scoring and Prioritization: The Path to Higher Conversion](#), also revealed that the use of automated email lead alerts was a best practice among Best-in-Class and Industry Average organizations. These lead alerts were set up to deliver email notifications about a rep's account activity or changes to the status of a leads score. They allowed reps to engage at highly poignant times in a prospects buying cycle and deliver a winning customer experience as a result.

## Technology

While 63% of the Best-in-Class (and 23% of all others) are currently using lead management tools and seeing measurable return on these investments, the technology landscape is still fragmented and in need of consolidation. Essential tools like web analytics (used by 73% of Best-in-Class) are often used in conjunction with lead management technologies; despite the fact that many lead management tools have website performance reporting built in.

At the same time CRM, which has become a standard enabler for almost every industry, is a primarily enabler for sales, while marketers are forced to manage an ever growing number of technologies including; email marketing, web analytics, web content management, lead management, search engine marketing, etc. But the lead to cash process is owned by both marketing and sales. For this reason, integration between CRM and lead management has become a critical enabler for the Best-in-Class. Today, 57% of the Best-in-Class have purchased pre-built CRM and lead management integration modules from vendors; a trend that is likely to continue in 2010.

### What is a Marketing Automation Technology?

Aberdeen defines marketing automation solutions as technologies that automate two distinct processes for marketing:

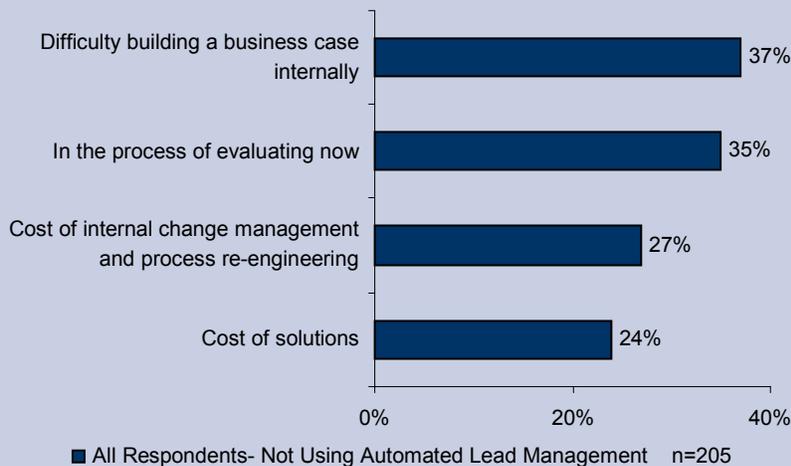
- √ Marketing management: The internal workflow, operations and marketing processes within the marketing function (calendar, approvals, asset management)
- √ Customer engagement: Engaging customers and prospects across one or more marketing channels

Technically, most automated lead management technologies deliver automation for the customer engagement side of marketing automation. But delineation between the two categories is ever changing and future trends suggest they will likely start to disappear as platform solutions address all marketing challenges in one integrated offering.

### Aberdeen Insights — Technology

Aberdeen asked respondents who were not using a lead management technology to indicate the primary reason they had not yet invested in lead management. Interestingly, the cost of solutions (which was the number one concern in 2008) has slipped dramatically as a key deterrent to adopting these technologies. An exploding number of low cost solution providers have made inroads over the last two years and virtually eliminated this concern for even the smallest startup. Internal hurdles remain one of the most significant challenges for these organizations (Figure 6). Interestingly, many companies are currently in the process of evaluating lead management technologies (a top two answer for non-users).

**Figure 6: Reasons For Not Using Lead Management**



Source: Aberdeen Group, January 2010

Aberdeen also asked respondents who currently use automated lead management technologies to indicate the primary reasons for investing in these technologies (Figure 7). Refreshingly, marketers are stepping up to the plate and taking ownership of driving tangible accountability, something they hoped to accomplish by investing in automated lead management technologies.

*continued*

### Aberdeen Insights — Technology

**Figure 7: Reasons For Using a Lead Management Technology**



Source: Aberdeen Group, January 2010

It's also not surprising to see companies turning to lead management as a means of learning more about current customers. Customer segmentation and more relevant nurturing programs have emerged as top strategies for 2010 and automated lead management technologies are helping organizations streamline and optimize both of these tasks like never before.

“Lead management [technology] is very important, but as with everything, it does not stand alone, nor is it something for just one department. True lead management is in line with all other marketing and sales programs (retention, loyalty, customer service), and all departments need to see the importance of their role in the whole chain.”

~ Roger Van Der Veen,  
Marketing Manager, eVillage

## Chapter Three: Required Actions

Whether a company is trying to move its performance in customer acquisition from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

### Laggard Steps to Success

- **Start personalizing outbound marketing messages.** Personalization delivers two-times higher click-throughs than mass email techniques; even if it's just the salutation of an email. There are lots of different ways to personalize marketing campaigns without demonstrable resource burdens for the already overworked marketer. Work smart not hard, or better yet, do both. Segmentation does not have to involve advanced criteria or even a highly robust customer database. Laggards can improve marketing campaign performance today, by simply segmenting their lists based on demographic region, products purchased, or other attributes that already exist within the CRM or marketing database. Couple this with a lead scoring approach that automates customer engagement based on behavior, and performance increases are unavoidable.
- **Focus on customer data quality.** Laggard organizations were four times less likely than all others to rank database quality a 5 (on a scale of 1 to 5 where 1 was complete distrust in customer data and 5 was a quality customer database). The Best-in-Class were two times more likely to augment customer data with a third-party technology provider. Some technology providers will enhance existing customer records with additional data or deliver other contacts at prospective organizations. These have yet to be integrated directly in lead management solutions so they should be evaluated as essential investments to lead management.
- **Consider a lead management technology to mitigate the challenges of managing leads across marketing, sales, and services.** Aberdeen research shows that only 8% of sales-ready opportunities in Laggard companies actually close, that's half the average for all respondents. This is a good indication that sales and marketing processes are not isolating true sales-ready leads, or, sales and marketing are misaligned. Without automation, it's difficult to manually identify opportunities that may slip through the pipeline; many times these are still real revenue generating opportunities, but they require a longer sales cycle. Best-in-Class organizations use technology to add formalized structure to how and when leads are passed from marketing to sales, and sales back to marketing.

### Fast Facts

- √ 33% of the Best-in-Class indicated the customer database was "high quality" with few duplicates and processes for periodically refreshing the data, while 13% of all others claim the same
- √ The Best-in-Class are twice as likely as Laggards to collaboratively define what constitutes a "sales-ready" lead between sales and marketing

## Industry Average Steps to Success

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- **Segment based on behavior.** The Best-in-Class are 1.3 times more likely than their peers to segment prospects based on behavior (76% for Best-in-Class versus 56% for Industry Average). When combined with automated lead nurturing capabilities, the Best-in-Class can deliver highly relevant campaigns based on prospect interactions and activities. This is yet another way to automate segmentation without having to manually determine criteria and build separate lists and campaigns.
- **Invest in CRM and lead management integration.** Thirty-nine percent (39%) of Industry Average respondents are currently using a lead management tool. Only 27% of these companies have invested in integration between lead management and CRM. Granted, many of these organizations recently adopted the technologies, CRM and lead management integration is critical to extracting the maximum value from lead management initiatives.
- **Use landing page questioners and surveys to collect additional customer data.** The Best-in-Class are 1.2 times more likely than Industry Average companies to engage prospects with a series of pre-built questioners (48% of Best-in-Class versus 39% of Industry Average). Each time the prospect visits the website for a value-added takeaway (whitepaper, webinar, etc.) they are asked a series of questions that further helps to validate or prioritize opportunities.

## Best-in-Class Steps to Success

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- **Formalize a strategy for lead lifecycle management in the organization.** The Best-in-Class demonstrate more than an aptitude for taking a programmatic approach to lead management. The capabilities within Best-in-Class organizations are building blocks for taking a holistic view of lead management processes across marketing, sales, and service. Today, very few organizations map out all the different interactions between a new lead to the point that lead converts into a lifetime customer. In the July 2009 study ([\*Lead Lifecycle Management: Building a Pipeline that Never Leaks\*](#)) only 22% of Best-in-Class organizations had "a current understanding of the entire lead lifecycle" but 56% planned to formally map out the processes in the future. Only 9% of all other organizations indicated the same. A deeper understanding of available content, customer segments, and customer behavior can help the entire organization think collectively about the customer experience and how to maximize revenue opportunities whether they are from a new lead or an existing customer.
- **Allow sales to pass leads back to marketing for future nurturing.** If sales and marketing are aligned, then there needs to be a way to pass leads seamlessly between both functions. Sales needs

“Better integration with CRM- it should be seen as the ultimate repository for customer interaction and SFA/deal closing information. Specifically, the CRM also integrates off line interaction.”

~ EVP of Marketing, Software

to be able to pass leads back to marketing for further nurturing if an opportunity in the pipeline suddenly goes cold. Marketing needs to develop separate lead nurturing programs to address the unique needs of a pre-qualified leads that are not yet ready to purchase. These are real revenue opportunities that all too often fail to be harvested by organizations. Twenty-two percent (22%) of Best-in-Class organizations currently allow sales reps to distribute leads back to marketing from CRM, but 43% plan to use this capability in the future.

### **Aberdeen Insights — Summary**

Automated lead management technologies are rapidly becoming critical enablers to Best-in-Class performance. These tools help eliminate manual tasks and allow organizations to monitor prospect behavior to engage in timely, personalized interactions that have a higher chance of generating revenue. Over the past few years, the vendor landscape for these solutions has become fiercely competitive. With very few barriers to entry and few competitive differentiators', consolidation is inevitable. It would also be conceivable to see CRM providers acquire this functionality through acquisition as an essential enabler to both sales and marketing effectiveness.

The good news for all organizations is investments in these technologies can only shorten the learning curve, and new providers are sure to deliver similar capabilities. It's important to adopt an offensive strategy to lead management technologies as Best-in-Class competitors are constantly skewing the curve on what can be achieved with good process and good technology.

The research reveals two critical takeaways. First, superior performing companies are validating the benefits of automated lead management by deploying the technology as an enabler of Best-in-Class lead management processes and practices. Second, the market continues to show acceptance of automated lead management tools across B2B and B2C organizations, thus even the most skeptical companies should beware of the impending value these tools deliver.

## Appendix A: Research Methodology

Between November and December of 2009, Aberdeen examined the use, the experiences, and the intentions of 205 enterprises with respect to lead management processes and capabilities.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on lead management strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: marketing (54%), sales (21%), other (25%); senior management (28%), and director / manager (72%).
- *Industry:* The research sample included respondents from: software / hardware (19%), IT consulting (5%), finance and banking (14%), and other industries (62%).
- *Geography:* The majority of respondents (73%) were from North America. Remaining respondents were from the Asia-Pacific region (11%) and Europe (16%).
- *Company size:* Twenty-one percent (21%) of respondents were from large enterprises (annual revenues above US \$1 billion); 22% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 57% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Twenty-nine percent (29%) of respondents were from large enterprises (headcount greater than 1,000 employees); 39% were from midsize enterprises (headcount between 100 and 999 employees); and 32% of respondents were from small businesses (headcount between 1 and 99 employees).

### Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which lead management is deployed in their organization
- √ The structure and effectiveness of prospect and customer management.
- √ Current and planned use of lead management technology

The study aimed to identify emerging best practices for the concept of lead lifecycle management and to provide a framework by which readers could assess their own management capabilities.

**Table 4: The PACE Framework Key**

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p><b>Pressures</b> — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p><b>Actions</b> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p><b>Capabilities</b> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p><b>Enablers</b> — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, January 2010

**Table 5: The Competitive Framework Key**

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p><b>Best-in-Class (20%)</b> — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p><b>Industry Average (50%)</b> — Practices that represent the average or norm, and result in average industry performance.</p> <p><b>Laggards (30%)</b> — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p><b>Process</b> — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p><b>Organization</b> — How is your company currently organized to manage and optimize this particular process?</p> <p><b>Knowledge</b> — What visibility do you have into key data and intelligence required to manage this process?</p> <p><b>Technology</b> — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p><b>Performance</b> — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, January 2010

**Table 6: The Relationship Between PACE and the Competitive Framework**

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, January 2010

## Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [Customer Analytics Leveraging Customer Data to Fulfill the One-to-One Marketing Imperative](#); November 2009
- [Data Driven Marketing](#); October 2009
- [Web Analytics: Actionable Insights for Unlocking the Hidden Potential of Online Data](#); September 2009
- [Lead Lifecycle Management: Building a Pipeline that Never Leaks](#); July 2009
- [The Marketers' Guide to Justifying Investments in Digital Asset Management](#); May 2009
- [Marketing Automation: A Strategic Guide for Optimizing End-To-End Marketing Activities](#); May 2009
- [The ROI on Customer Feedback: Why it Pays to Listen to the Voice of the Customer](#); March 2009

Information on these and any other Aberdeen publications can be found at [www.aberdeen.com](http://www.aberdeen.com).

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