

Lead Prioritization and Scoring

The Path to Higher Conversion

May 2008



Executive Summary

This report identifies best practices in lead scoring and prioritization by analyzing the processes, capabilities, and performance of top performing organizations. The report isolates the most valuable lead scoring attributes and the strategic value of features and functions in lead management technology. The study reflects the views and opinions of over 180 enterprise organizations.

Best-in-Class Performance

Aberdeen used three key performance criteria to distinguish Best-in-Class companies, including: annual revenue, lead conversion rate, and cost per lead. Best-in-Class companies achieved:

- 49% average increase in year-over-year annual revenue
- 26% average increase in the year-over-year lead conversion rate
- 25% average decrease in year-over-year cost per lead

Competitive Maturity Assessment

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

- Formalized processes in all business functions to ensure high priority leads are followed-up on first (77%)
- Sales and marketing share a common definition of a “lead” and “qualified lead” (96%)

Required Actions

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

- **Embrace the strategic value of lead nurturing.** Fifty-eight percent (58%) of Best-in-Class companies identify this as a key strategy for improving lead management performance.
- **Incorporate both implicit and explicit attributes in the lead scoring model.** The Industry Average organization primarily relies on explicit (information provided by the customer) attributes for lead scoring. Best-in-Class companies incorporate customer behavior to enhance sales and marketing effectiveness through lead scoring and prioritization.

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

"Automation is a key component to our lead management strategy, without an automated solution, the scoring process would be extremely cumbersome and manual."

~ Lori Pasenelli, Director of Marketing, Aladdin Knowledge Systems, Software

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Chapter One: Benchmarking the Best-in-Class

Lead generation was the number two marketing pain for CMOs in the December 2007 Aberdeen study, *The Convergence of Sales and Marketing Technologies*. All companies are pressured to maximize sales and marketing effectiveness to increase conversion, increase lead to sales revenue, and increase top-line revenue. Prior Aberdeen research isolated some of the key challenges organizations face with respect to lead management: marketing and sales alignment, technology adoption, and organizational accountability and ownership. This study explores the strategic value of lead scoring and prioritization techniques and isolates the processes, capabilities, and technology enablers that allow Best-in-Class organizations to achieve superior performance in revenue, lead conversion rates, and cost per lead.

Fast Facts

- ✓ **79%** of survey respondents are B2B; **5%** B2C; and **16%** are both B2B and B2C
- ✓ The most common lead tiering nomenclature among all respondents currently using lead scoring is hot, warm, and cold. The second most common is A, B, C, D, etc.

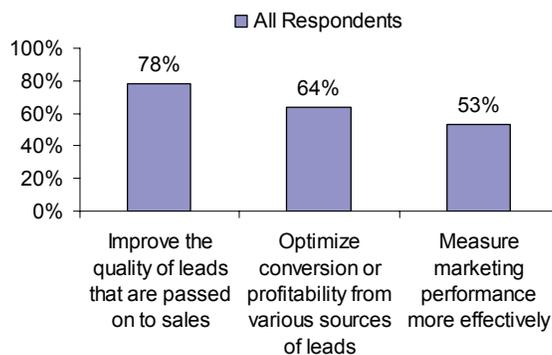
What is Lead Scoring and Prioritization?

Lead scoring is a technique for quantifying the expected value of a lead or prospect based on the prospect's profile, behavior (online and / or offline), demographics, and likelihood to purchase. The score is used to prioritize and articulate the potential value of leads for marketing and sales; allowing each function to maximize effectiveness by routing high priority leads to sales and developing low priority leads in nurturing campaigns. Lead scoring attributes are both explicit (through the prospects own input- surveys, forms, etc.) and implicit (based on behavior) in nature, and typically require a combination of online and offline inputs.

Top Objectives of a Lead Management Strategy

All respondents to this study cite a strong desire to improve the quality of leads that are passed on to sales (78%); to increase sales effectiveness and lead-to-sales revenue (Figure 1).

Figure 1: Top Objectives of a Lead Management Strategy



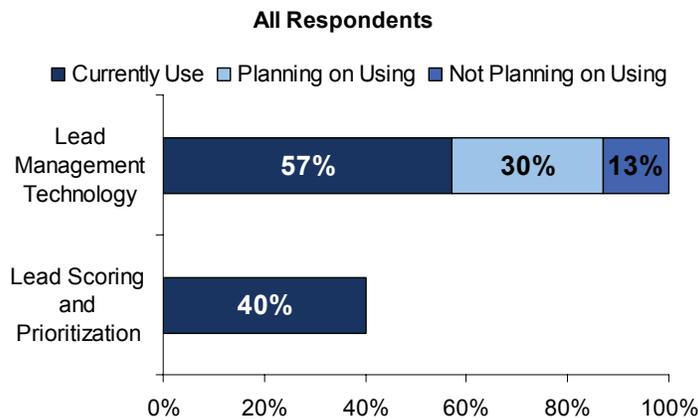
Source: Aberdeen Group, May 2008

Respondents also demonstrate a strong desire to measure marketing performance more effectively by increasing marketing visibility into the sales pipeline and improving the ability to correlate marketing activity with sales outcomes (particularly across the growing number of marketing and sales channels).

Lead Management Technology Trends

Eighty-seven percent (87%) of respondents are currently using or planning to use lead management technologies. Forty percent (40%) currently score and prioritize leads (Figure 2).

Figure 2: Use of Lead Management and Lead Scoring



"Our lead management solution helped me gain visibility into the pipeline. It was very frustrating to see opportunities leak through the pipeline before we implemented our lead management solution. Now, I have a clear picture of marketing and sales shortfalls, and best of all our successes."

~ VP of Marketing,
Software Company

Source: Aberdeen Group, May 2008

The Maturity Class Framework

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

- Annual revenue growth
- Annual change in lead conversion rates
- Annual change in cost per lead

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

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 49% average increase in year-over-year annual revenue ▪ 26% average increase in the year-over-year lead conversion rate ▪ 25% average decrease in year-over-year cost per lead

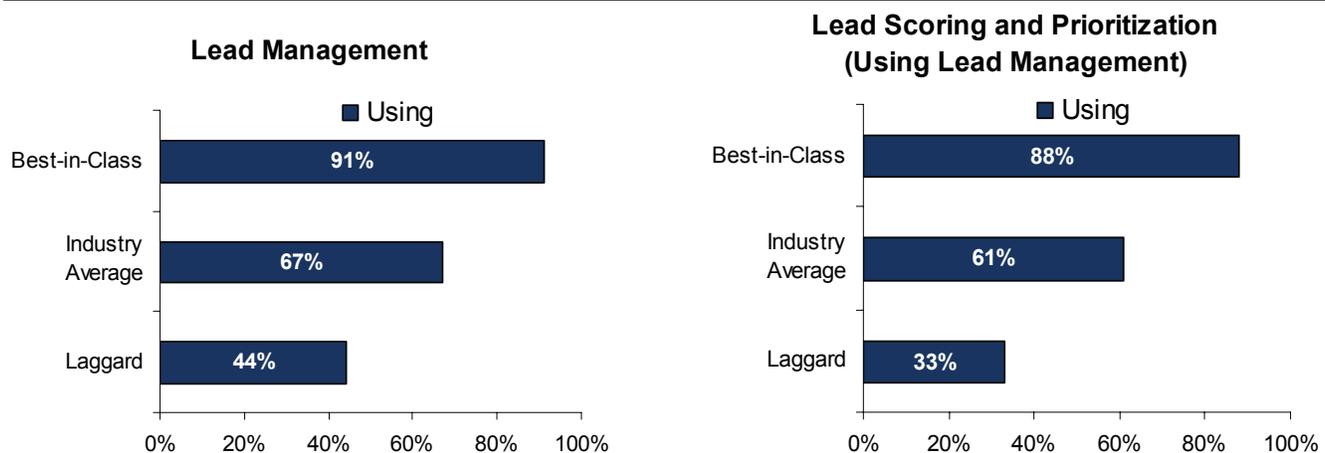
Definition of Maturity Class	Mean Class Performance
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 19% average increase in year-over-year annual revenue ▪ 1% average increase in the year-over-year lead conversion rate ▪ 1% average increase in year-over-year cost per lead
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 11% average decrease in year-over-year annual revenue ▪ 2% average decrease in the year-over-year lead conversion rate ▪ 97% did not measure cost per lead

Source: Aberdeen Group, May 2008

Best-in-Class Use of Lead Scoring and Prioritization

Aberdeen research reveals that top performing organizations are 80% more likely than their peers to use lead scoring and prioritization techniques or technologies (Figure 3). As we will see in Chapter Two, Best-in-Class companies achieve superior performance by executing simultaneous initiatives to enhance the organizational processes, performance metrics, resources, and the technology that supports these resources.

Figure 3: Best-in-Class Use of Lead Scoring and Prioritization



Source: Aberdeen Group, May 2008

By analyzing Best-in-Class organizations, the research identifies the best practices in lead scoring and prioritization that enable superior performance in conversion, revenue, and cost per lead for these organizations.

The Best-in-Class PACE Model

Lead scoring and prioritization requires a combination of strategic actions, organizational capabilities, and enabling technologies (Table 2). Ultimately,

lead scoring improves the effectiveness of lead management, accomplishing the following:

- Higher lead to sales conversion rates
- Sales and marketing accountability
- Sales efficiency
- Reduction in revenue leakage

Table 2: The Best-in-Class PACE Framework

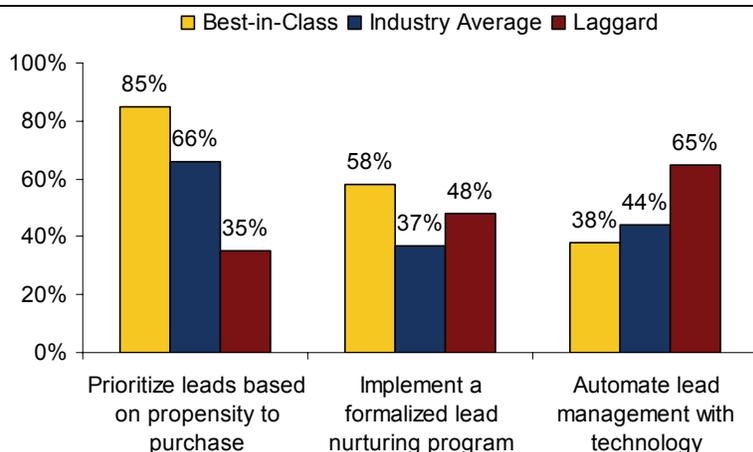
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Optimize conversion or profitability from various sources of leads 	<ul style="list-style-type: none"> ▪ Improve the quality of leads that are passed on to sales ▪ Prioritize leads based on the propensity to purchase 	<ul style="list-style-type: none"> ▪ Formalized processes in all business functions to ensure high priority leads are followed-up on first ▪ Individuals accountable for optimizing lead management techniques ▪ Marketing is held accountable for the quality of leads that are passed to sales ▪ Sales and marketing contribute to lead scoring criteria ▪ Sales and marketing share a common definition of a “lead” and “qualified lead” 	<ul style="list-style-type: none"> ▪ Marketing campaign management ▪ Scoring and prioritization tools ▪ List management ▪ Form and survey tools ▪ Web analytics ▪ Customer database ▪ Customer segmentation and targeting ▪ CRM

Source: Aberdeen Group, May 2008

Best-in-Class Lead Management Strategies

The top pressures causing the Best-in-Class to focus on lead management are a desire to improve the quality of leads passed on to sales (88%) and the need to optimize conversion and profitability across different sources of leads (65%). The Best-in-Class are twice as likely to leverage lead management technology as Laggard organizations. For this reason, Laggards were 70% more likely to include the implementation of automated lead management technology as an integral part of their lead management strategy (Figure 4).

Figure 4: Top Lead Management Strategies



"The role of marketing is equally as important in the lead management process. Marketing needs to take an active role in nurturing leads that are not yet qualified to ensure we continue to capture individuals who might not be ready to buy today, but may be great prospects some time in the future."

~Lori Pasenelli, Director of Marketing, Aladdin Knowledge Systems, Software

Source: Aberdeen Group, May 2008

Best-in-Class companies incorporate both sales and marketing in their top two strategies for lead management optimization. While the desire to optimize and prioritize leads for sales remains a top concern, Best-in-Class companies also understand the strategic value of lead nurturing programs. The holistic approach to Best-in-Class lead management requires that marketing and sales work together to nurture and optimize the flow of leads across the marketing and sales functions.

Aberdeen Insights — Lead Scoring Tactics

Aberdeen research reveals Best-in-Class lead scoring models rely on attributes from two classes of information: explicit information (provided by the prospect) and implicit information (based on the prospects observed behavior). The research suggests that the relative importance of these attributes varies across maturity classes. Table 3 and Table 4 explore the Best-in-Class use of implicit and explicit attributes.

Explicit Scoring Attributes

Table 3 demonstrates some of the most common explicit scoring attributes that are leveraged within Best-in-Class lead scoring models. Seventy-seven percent (77%) of the Best-in-Class leverage form and survey tools to capture explicit information from prospects (versus 39% of all others). This information plays the most important role in top performing organizations scoring models.

Table 3: Best-in-Class Use of Explicit Attributes in Scoring Models

Ranking Key				
1	2	3	4	5
Not Important			Very Important	
			Median Rank (Importance to Scoring Model)	Percent Not Using Attribute in Scoring Model
Survey questions (purchase decision, budget, etc.)			5.0	5%
Sales activity (discussions, voicemails, etc.)			5.0	13%
Demographic profiles			5.0	0%
Profile data from prospects (landing page, forms, etc.)			4.5	10%
Comparison to profile information from existing customers			4.2	24%
Quality of lead's contact information			4.0	19%

Source: Aberdeen Group, May 2008

Implicit Scoring Attributes

Implicit sources of information are derived from observing the prospects' behavior. These attributes can often be more difficult to track, particularly when sources of information come from multiple siloed technologies. Table 4 shows that implicit sources of information are not as important to the average Best-in-Class organizations scoring model.

continued

Aberdeen Insights — Lead Scoring Tactics

Table 4: Best-in-Class Use of Implicit Attributes in Scoring Models

Ranking Key				
1	2	3	4	5
Not Important			Very Important	
			Median Rank (Importance to Scoring Model)	Percent Not Using Attribute in Scoring Model
Webinars attended			5.0	19%
Purchase propensity scores			4.5	14%
Email click-throughs			4.0	14%
Website activity (pages visited and recency)			4.0	24%
Website activity (type of activity)			3.5	24%
Keywords clicked			3.5	24%
Website activity (length of time each page was visited)			3.0	29%
Attitudinal and lifestyle information			3.0	20%

Source: Aberdeen Group, May 2008

On average, 21% of the Best-in-Class do not use one or more of these metrics. However, this does not make these attributes any less important to optimizing the lead scoring model. One very important component to tracking implicit attributes that is not mentioned in Table 4 is the prospects "activity over baseline." This measurement provides context for determining the relative importance of a prospects activity based on the historical "baseline" behavior of this prospect.

Table 4 also demonstrates that despite having technology in place to automate the capture of implicit and explicit information, Best-in-Class companies still do not consider implicit sources of information to be as important. In addition, implicit attributes are more likely to be excluded than explicit attributes from Best-in-Class scoring models - another indication that these attributes are more difficult to track and leverage than vendors might make it seem.

Chapter Two: Best-in-Class ‘Lead’ the Way to Higher Conversion

The Measurable Value of Lead Scoring

Aberdeen asked all survey respondents that are currently scoring leads to identify the change in key metrics after implementing lead scoring and prioritization. Table 5 demonstrates that every organization, regardless of maturity class, identified a positive improvement in key metrics after implementing lead scoring.

Table 5: Mean Class Performance as a Result of Lead Scoring

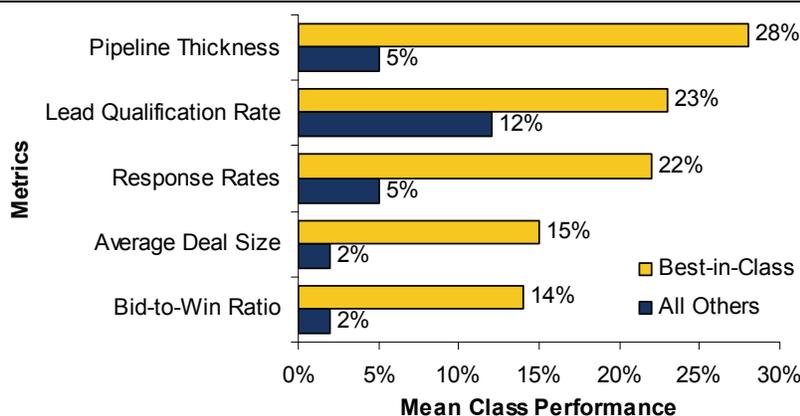
Performance Metrics	Average Performance for Best-in-Class	Average Performance for All Others
Lead qualification rate	↑35%	↑22%
Forecast accuracy	↑32%	↑21%
Marketing effectiveness	↑31%	↑21%
Sales effectiveness	↑30%	↑15%
Lead conversion rate	↑28%	↑19%
Response rate	↑27%	↑20%
Pipeline thickness	↑27%	↑12%

Source: Aberdeen Group, May 2008

The Best-in-Class Focus on Lead Qualification

Top performing organizations demonstrated a 192% higher average lead qualification rate than all other organizations. The research reveals that Best-in-Class organizations deliver superior performance in revenue, lead-to-sales conversion, and cost per lead. These three metrics are ultimately a result of improving lead qualification within the organization. As we will see in the next section, top performing organizations primarily invest resources in processes and technologies that improve lead qualification rates; this leads to a measurable improvement in lead conversion and annual revenue. However, the Best-in-Class also demonstrated superior performance in other key metrics (Figure 5).

Figure 5: Maturity Class Performance



Source: Aberdeen Group, May 2008

Fast Facts

- √ The number one reason organizations cited for not using lead scoring capabilities was a lack of education or expertise around lead scoring
- √ The number two reason organizations cited for not using lead scoring capabilities was a lack of technology and a lack of budget to invest in the technology
- √ 42% of all respondents plan to increase the budget for lead management from 2008 to 2009

Case Study — RedSeal

RedSeal Systems Inc. provides security risk management solutions that give instant visibility into the threats that leave an open door to valuable company resources. The company recently placed a heavy emphasis on lead generation and developed a sophisticated lead management solution for scoring and qualifying leads. “This is an exciting time for me” said Cynthia Nowicki, Director of Marketing, “This is the closest I have ever come to implementing a closed-loop marketing system that marketing can own and maintain.” RedSeal uses a combination of on-demand CRM, a prospect database, and an ASP based service that generates, tracks, and develops qualified prospects for the sales team. Prospect activity is tracked and stored in a customer database for profiling and analysis. “We have automated the processes which dictate how we treat our prospects and leads. I can go into our database on a weekly basis to identify how many responses we receive from marketing campaigns. Additionally, through integration with CRM, we can view the optimal combination of marketing campaigns that lead to a sale.” This kind of granularity helps RedSeal operate a true closed-loop marketing system where marketing messages are analyzed based on customer behavior and optimized to continuously maximize return on investments.

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 score and prioritize leads); (2) **organization** (organizational components that support lead management); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure performance). These characteristics (identified in Table 6) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 6: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Processes to freely pass leads between marketing and sales		
	81%	62%	43%
	Formalized processes in all business functions to ensure high priority leads are followed-up on first		
	77%	36%	29%

	Best-in-Class	Average	Laggards
Organization	Marketing is held accountable for the quality of leads that are passed to sales		
	81%	41%	38%
	Individuals are accountable for optimizing lead management techniques		
	69%	37%	29%
Knowledge	Sales and marketing share a common definition of a “lead” and “qualified lead”		
	96%	62%	35%
	Sales and marketing share a common view of customer data		
	80%	63%	42%
Technology	Technology that supports lead management:		
	<ul style="list-style-type: none"> ▪ 96% customer database ▪ 92% lead management / demand generation ▪ 88% customer segmentation and targeting ▪ 77% scoring and prioritization tools 	<ul style="list-style-type: none"> ▪ 81% customer database ▪ 54% lead management / demand generation ▪ 59% customer segmentation and targeting ▪ 32% scoring and prioritization tools 	<ul style="list-style-type: none"> ▪ 68% customer database ▪ 48% lead management / demand generation ▪ 48% customer segmentation and targeting ▪ 29% scoring and prioritization tools
	Dashboards or reports to identify lead activity and conversion rates on a periodic basis		
	66%	44%	28%
Performance	Marketing campaigns linked to closed deals for actionable metrics		
	64%	35%	24%
	Sales and marketing review pipeline report weekly or bi-weekly		
	64%	51%	40%

Source: Aberdeen Group, May 2008

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class reveals a number of key insights about best practices in lead scoring and prioritization.

Process

Process plays a critical role in enabling organizations to transform lead scores into measurable performance. Sixty-one percent (61%) of Industry

Average organizations leverage lead scoring. Best-in-Class and Industry Average both have processes in place to pass leads between sales and marketing. Best-in-Class companies approach lead scoring from an organizational perspective and optimize these processes holistically across every customer facing function in the organization. The Best-in-Class are 2.4-times more likely to develop formalized processes for all business functions to follow-up on high priority leads. This is a key component to increasing lead conversion within the pipeline.

Organization

Best-in-Class companies constantly optimize their lead scoring models; so much so, they are two-times more likely than their peers to assign accountability for optimizing lead scoring. A key component to aligning sales and marketing involves sharing the definition of a lead and qualified lead between the sales and marketing functions. Significantly, 96% of the Best-in-Class have this capability. Since both functions in Best-in-Class organizations share a common view of what constitutes a qualified lead, marketing takes accountability for ensuring only qualified leads are passed into the sales pipeline.

Knowledge Management

Best-in-Class lead scoring models incorporate attributes from a host of disparate sources (surveys, website activity, forms and landing pages, email, etc.). As a result, the Best-in-Class demonstrate an aptitude for consolidating and aggregating information to a central database to provide a common view of customer data for sales and marketing. Knowledge management is an essential component to lead scoring and prioritization initiatives. The fundamental difference between Best-in-Class and all other organizations is that the Best-in-Class align sales and marketing through knowledge management. They share the definition for a lead and a qualified lead. They centralize data, and leverage the same set of data to measure and monitor performance. This eliminates discrepancies in reporting and helps top performing organizations focus on sales and marketing accountability.

Technology

The Best-in-Class are 80% more likely to leverage demand generation or lead management technology. It's important to note that not all organizations that score and prioritize leads leverage technology to qualify prospects. Some attributes are difficult to automate and score, like social networking and personal interaction over the phone or face-to-face. In many cases, lead scoring is more a function of process, which Best-in-Class demonstrate an aptitude for leveraging along with supporting technologies. The data reveals that the Best-in-Class spend an inordinate amount of resources learning about their customers and prospects, whether it's through a customer profile database, lead management tool, segmentation and targeting, web analytics, email marketing, or other marketing channels. The clear trend in the data indicates that the Best-in-Class are far more likely to leverage the holistic sources of customer interaction within the organization to score and prioritize leads.

"Our lead scoring model applies information acquired from multiple channels- advertising, tradeshow, email campaigns, social networking, surveys, and word of mouth. These channels enable us to gain a more complete and intimate knowledge of our clients' and prospects' needs, which, in turn, helps us better qualify sales opportunities and pass better qualified leads to sales staff, enabling them to perform more effectively."

~Dave Ditmars,
Director of Marketing, Wilke /
Thornton, Inc, Software

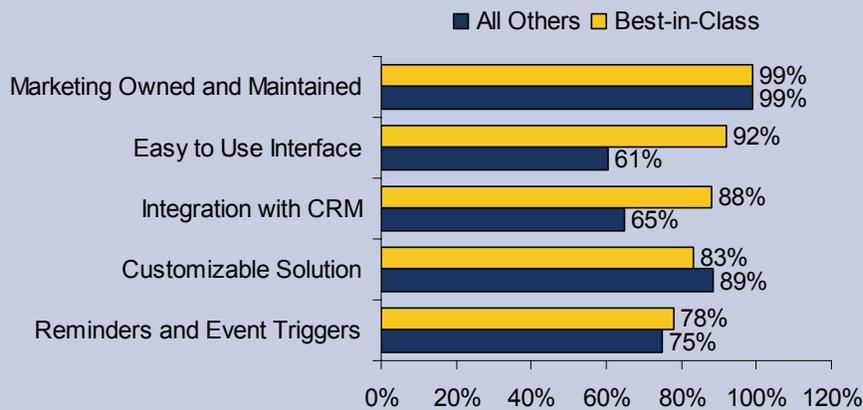
Performance Management

Best-in-Class companies measure and monitor performance to consistently optimize the lead management engine within their organizations. Both sales and marketing take ownership of qualifying and converting leads. The Best-in-Class achieve higher performance because they leverage the otherwise siloed data within the sales and marketing functions to optimize lead management and deliver superior performance. Best-in-Class companies are twice as likely as all other organizations to tie sales performance back to marketing campaigns for actionable metrics regarding closed deals. This means the Best-in-Class are able to monitor and optimize lead scoring through constant measurement. Additionally, 64% of the Best-in-Class review pipeline reports with sales *and* marketing on a weekly or bi-weekly basis (versus 40% of Laggards). Best-in-Class sales and marketing functions drive effectiveness through performance measurement.

Aberdeen Insights — Technology

Top performing organizations are two-times more likely than their peers to leverage lead management technologies. Interestingly, the features and capabilities that are most important when assessing technology are not necessarily the same features that deliver the most value after using technology. During the assessment phase, organizations typically concentrate on usability, functionality, and fundamental capabilities like CRM integration and event triggers (Figure 6). These components are extremely important; but, unlike Industry Average and Laggard organizations, the Best-in-Class embrace the advanced features within lead management technologies to develop complex customized lead scoring models.

Figure 6: The Most Important Features During Technology Assessment



Source: Aberdeen Group, May 2008

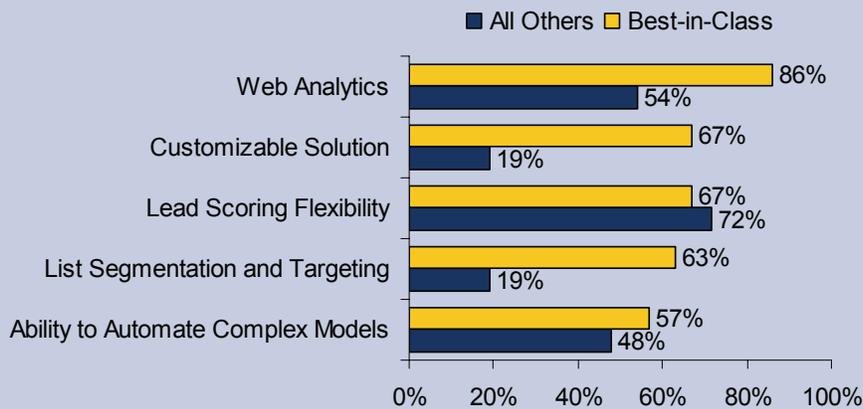
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Aberdeen Insights — Technology

Figure 7 shows that Best-in-Class organizations realized tremendous value from web analytics capabilities in lead management applications. As we saw in the strategies section, Best-in-Class companies use the insight gained from web analytics capabilities and incorporates these components into their scoring models.

The Best-in-Class are 3.5-times more likely than all others to realize strategic value from the customizable components of their lead management technology: an indication that the Best-in-Class are also leveraging more advanced scoring models than Industry Average and Laggard organizations.

Figure 7: Most Important Features After Using Technology



Source: Aberdeen Group, May 2008

Chapter Three: Required Actions

Whether a company is trying to move its performance in conversion, revenue, and cost per lead 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

- **Lead management is a holistic endeavor requiring technology and process.** Laggards plan to automate lead management with technology; this was the number one strategy Laggard organizations selected. However, technology merely *supports* the organizational capabilities and processes in Best-in-Class organizations making it a critical component, but not the only component, to Best-in-Class performance. The research reveals that Laggard organizations that currently use lead management technology are incapable of effectively following up with leads on a timely basis after leads are scored or prioritized - which is a process and organizational challenge. The Best-in-Class leverage a formalized lead nurturing program to optimize and support lead management. This formalized process helps align the sales and marketing functions with the capabilities and processes that are required to effectively leverage automated lead management technologies and optimize sales and marketing effectiveness.
- **Leverage, integrate, and incorporate CRM tools in the lead scoring process.** Fifty-five percent (55%) of Laggard organizations that are actually leveraging lead scoring and / or lead management tools integrate these tools with CRM (versus 88% of the Best-in-Class).
 - Sales and marketing alignment requires that both functions share a common understanding of lead buying cycles and the components that truly qualify a lead. Alignment also requires the use of tools and processes to ensure leads are passed feely between these two functions for nurturing or sales follow-through. CRM represents the vehicle for delivering qualified leads from marketing to sales.
 - Step one in optimizing and adopting a lead scoring model is a full commitment from sales to keep CRM tools up to date. Best-in-Class companies are two-times more likely than Laggards to currently leverage the ability to freely pass leads between sales and marketing through CRM and the lead management tool.
- **Close the loop between marketing and sales metrics for accountability and performance measurement.** Only 24% of Laggard organizations actually link marketing campaigns to closed deals for actionable metrics (versus 64% of the Best-in-Class). Effective lead management requires accountability and ownership

Fast Facts

- √ **24%** of Best-in-Class describe their lead scoring model as somewhat complex to complex versus 10% of all other organizations that claim the same
- √ **61%** of all respondents using lead scoring were capable of scoring leads instantaneously when a triggered event took place, while 19% of organizations took one to several hours to score leads

across marketing and sales. Eighty-one percent (81%) of Best-in-Class marketing departments take ownership for delivering qualified leads (based on a shared definition of a qualified lead). Sales should take ownership of closing qualified leads. You can't manage what you don't measure, so it's essential for all organizations to link and correlate marketing and sales data.

Industry Average Steps to Success

- **Lead scoring requires continuous optimization.** Industry Average organizations demonstrate similar technology adoption trends as the Best-in-Class. However, research demonstrates that like Laggards, Industry Average organizations severely lack the organizational capabilities that optimize the use of technology in the lead management process. Sixty-nine percent (69%) of Best-in-Class companies assign individuals that are accountable for optimizing the lead management and lead scoring model on an ongoing basis (versus 37% of Industry Average and 29% of Laggards).
- **Leverage the strategic value of list segmentation and targeting.** Industry Average organizations that are using lead management tools indicated list segmentation and targeting capabilities were initially very important to the assessment of lead management technologies. However, Industry Average organizations rated these same features much lower in terms of importance after leveraging the technology. Best-in-Class companies, on the other hand, indicated list segmentation and targeting was a key feature from lead management technologies. Best-in-Class leverage list segmentation and targeting capabilities to optimize message relevancy on nurturing campaigns. This allows these top performing organizations to consistently extract higher conversion from new and existing prospects.
- **Increase the complexity of lead scoring models.** The research reveals that the middle of the pack Industry Average organization predominately relies on explicit information in their lead scoring models. In fact, on average, Industry Average companies leverage one to five steps in their lead scoring model whereas Best-in-Class leverage five to 10 steps in the lead scoring model. Industry Average companies should consider increasing the complexity of lead scoring on an ongoing basis to continuously optimize the lead management process.

Best-in-Class Steps to Success

- **Increase performance with lead nurturing campaigns.** One of the benefits derived from lead management processes and lead scoring models is the ability to nurture prospects or customers that are not ready to purchase. Many organizations overlook the strategic value of measuring conversion rates from nurturing campaigns. Best-in-Class companies can continue to extract measurable value from existing customers and prospects by

developing initiatives to enhance conversion from nurturing campaigns through cross-selling and up-selling initiatives.

- **Leverage implicit attributes in lead scoring models.** The research demonstrated that Best-in-Class companies were 13-times more likely than their peers to leverage three or more implicit attributes in lead scoring models. Deeper analysis also showed that the highest performing Best-in-Class organizations indicated they had more complex scoring models than their Best-in-Class peers. For most of the implicit attributes that were included in the Aberdeen survey, only three quarters of the Best-in-Class actually leveraged these attributes in scoring models. In addition, on average, the Best-in-Class rarely rated implicit scoring attributes as extremely important to their lead scoring processes. The Best-in-Class can continue to optimize lead scoring models by leveraging implicit metrics (such as time spent on the website or keyword click-throughs) to help optimize both the lead scoring model, as well as marketing effectiveness.

The research clearly demonstrates the value of taking a holistic approach to lead management. Aberdeen explored the specific components of lead scoring to isolate key implicit and explicit attributes that have the largest impact on Best-in-Class lead scoring. Research also revealed that top performing companies are leveraging lead scoring and prioritization techniques far more extensively than Industry Average and Laggard organizations.

Aberdeen Insights — Summary

Aberdeen research reveals that lead scoring and prioritization plays a critical role in achieving superior performance in lead to sales conversion, revenue, cost per lead, and across a plethora of other key sales and marketing metrics. Ultimately, the Best-in-Class demonstrate a relentless focus on optimizing lead qualification and lead management. The Best-in-Class invest heavily in processes and technologies to streamline lead management across all business functions that interact with customers and prospects. As a result, the Best-in-Class are able to achieve superior sales and marketing effectiveness because they can immediately react to customers and new prospects as these individuals interact with their sales and marketing channels.

Today, the average top performing organization that scores and prioritizes leads predominantly leverages implicit attributes in the lead scoring model (attributes provided by the customer or prospect). The data suggests that explicit attributes (based on customer behavior) are challenging for organizations (even the Best-in-Class) to incorporate into scoring models. Nevertheless, Best-in-Class companies continue to derive strategic value from the more advanced features in automated tools; an indication that the future will likely deliver more advanced scoring capabilities in all organizations.

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Appendix A: Research Methodology

Between April and May 2008, Aberdeen examined the use, the experiences, and the intentions of more than 180 enterprises in a diverse set of sales and marketing roles.

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

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: marketing (36%), business development (21%), sales (16%), other (27%); senior management (34%), and director / manager (48%).
- *Industry:* The research sample included respondents from: software / hardware (25%), IT consulting (12%), finance and banking (5%), and industrial equipment manufacturing (3%).
- *Geography:* The majority of respondents (79%) were from North America. Remaining respondents were from the Asia-Pacific region (5%) and Europe (15%).
- *Company size:* Twenty-one percent (21%) of respondents were from large enterprises (annual revenues above US \$1 billion); 25% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 54% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Twenty percent (20%) of respondents were from large enterprises (headcount greater than 1,000 employees); 28% were from midsize enterprises (headcount between 100 and 999 employees); and 52% of respondents were from small businesses (headcount between 1 and 99 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

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

- √ The degree to which lead scoring is deployed in their organization and the financial implications of the technology
- √ The structure and effectiveness of lead management strategies
- √ Current and planned use of lead management technology
- √ The benefits, if any, that have been derived from lead scoring and prioritization practices

The study aimed to identify emerging best practices for lead scoring and prioritization, and to provide a framework by which readers could assess their own management capabilities.

Table 7: 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>Pressures — 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>Actions — 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>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — 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, May 2008

Table 8: 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>Best-in-Class (20%) — 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>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, May 2008

Table 9: 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, May 2008

Appendix B: Related Aberdeen Research

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

- [*B2B TeleServices: The 2008 Buyer's Guide*](#); April 2008
- [*The CMO Strategic Agenda: Automating Closed Loop Marketing*](#); March 2008
- [*CMO Strategic Agenda: Demystifying ROI in Marketing*](#); February 2008
- [*The Convergence of Sales and Marketing Technologies*](#); December 2007
- [*Demand Generation: Kick-Start Your Business*](#); September 2007
- [*Success Strategies in Marketing Automation*](#); July 2007
- [*Automating Leads to Sales*](#); March 2007

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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