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Best-in-Class Lead Prioritization and Lead Scoring Techniques

In the 2007 benchmark *Demand Generation: Kick-Start Your Business*, research revealed that Best-in-Class organizations, (achieving superior performance in lead to sales conversion rates, lead response time, lead qualification, and lead to sales revenue) are heavily leveraging lead management processes and technologies to automate the qualification and prioritization of leads. These top performing organizations support lead management with people, process, technology and strategic initiatives to continuously optimize interactions with prospects and customers. In fact, in the survey of over 615 organizations, Best-in-Class were 5 times as likely as Laggard organizations to leverage formalized processes for scoring leads. This study explores the techniques and tactics Best-in-Class employ to deliver superior performance in lead to sales conversion rates, lead response times, lead to sales revenue, and lead qualification.

Common Definition for a 'Lead' & 'Qualified Lead'

Seventy-seven percent (77%) of survey respondents in the December 2007 benchmark *The Convergence of Sales and Marketing Technologies* had alignment issues between sales and marketing. One of the most important capabilities Best-in-Class organizations share is organizational alignment between the sales and marketing functions. This alignment starts by defining how each function (marketing and sales) identifies and qualifies leads. A new prospect (or suspect, or lead, or whatever nomenclature is used) that the organization knows little or nothing about is much different from a prospect with known purchase intent, or behavior that is consistent with an intent to purchase. For this reason, as prospects move through the buying cycle, organizations must identify and nurture them with appropriate functions (marketing or sales). Best-in-Class organizations excel in lead management by leveraging a number of organizational capabilities that support the qualification of leads. (See Figure 1)

Research Brief

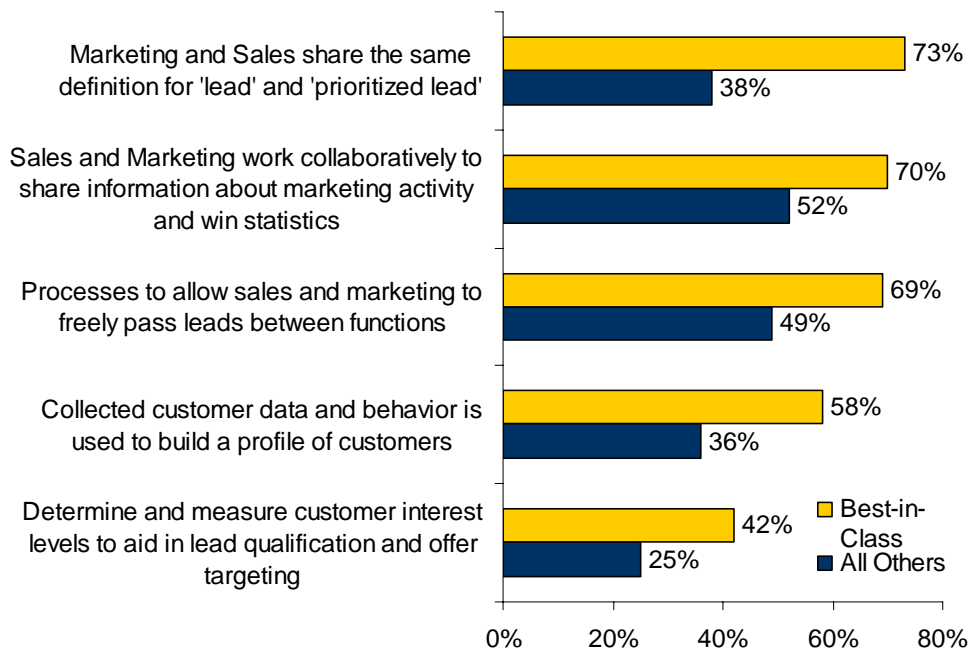
Aberdeen's Research Briefs provide a synopsis of the principal findings derived from primary research, including key performance indicators, Best-in-Class insight, and vendor insight

Best-in-Class Defined

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

- 98% reported year-over-year improvement in the lead-to-sales conversion rate
- 96% reported year-over-year improvement in the lead qualification rate
- 89% reported year-over-year improvement to lead response time
- 98% reported year-over-year improvement to lead-to-sales revenue

Figure 1: Best-in-Class Lead Management Capabilities



“Closed loop marketing for me is more than just the communication back from the customer, but also closing the loop between marketing and sales (answering the question "what happened to those leads I sent you?").”

~ Daniel Kuperman,
Marketing Director,
Quadrant Software

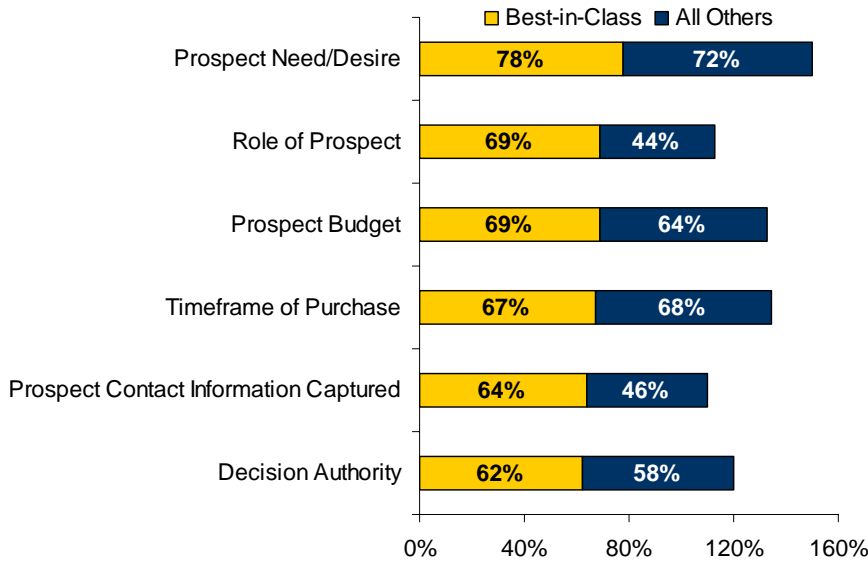
Source: Aberdeen Group, March 2008

Alignment between sales and marketing is one of the primary challenges preventing organizations from optimizing marketing and sales performance. Research from 2007 and 2008 reveals a fundamental capability within Best-in-Class is the ability to align sales and marketing internally and share a common definition of a 'lead' and 'qualified lead'.

Lead Scoring Techniques

Lead scoring is a way of quantifying the expected value of a lead or prospect based on the prospects profile, behavior (online and/or offline), demographics, and likelihood to purchase. This score is then used to prioritize and articulate the potential value of leads for marketing and sales; allowing each function to maximize effectiveness by delivering optimized messages or interactions with prospects and customers during their buying cycle. Lead scoring information is captured both explicitly (through the prospects own input, surveys, and forms) and implicitly (based on behavior). Figure 2 identifies some of the most common attributes used to score prospects in both B2C and B2B Best-in-Class organizations. These attributes would typically be measured or tracked using a number of different techniques, technologies, and processes which we explore in the following sections.

Figure 2: Best-in-Class Scoring Attributes



Source: Aberdeen Group, March 2008

Best-in-Class organizations are three times as likely as their peers to use lead scoring to identify prospect or customer purchase intent.

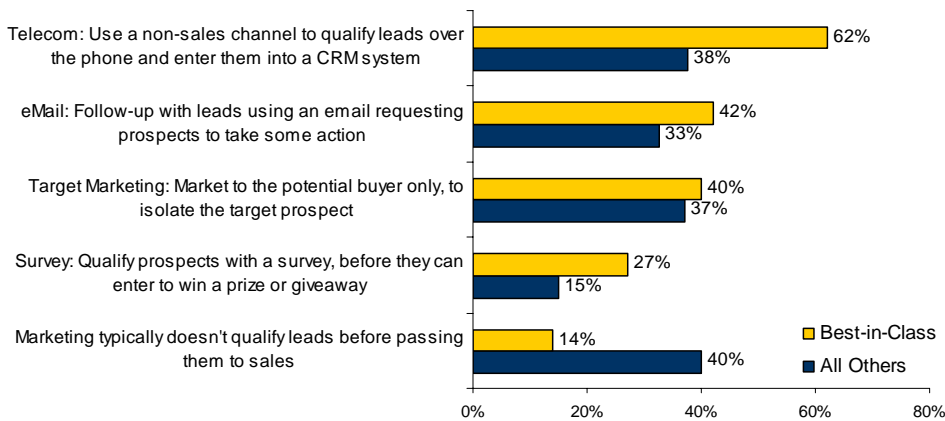
“For us our lead scores are determined by a number of variables from online and offline channels. We implemented a customer database to store and monitor the activities that go into our lead score. Our tool will update the [On-Demand CRM] application with real-time lead prioritization for sales. We saw a 150% increase in bit-to-win ratios after implementing the demand generation tool.

~ Sales Director, B2B Software and Services Provider

Lead Qualification Tactics

As noted above, Best-in-Class leverage organizational capabilities that support the alignment between sales and marketing. Best-in-Class qualify leads prior to entering them within the sales pipeline. The most common method for qualifying leads is through a non-sales telecom channel (for B2B) or email marketing (with B2C). (See Figure 3)

Figure 3: Lead Qualification Techniques



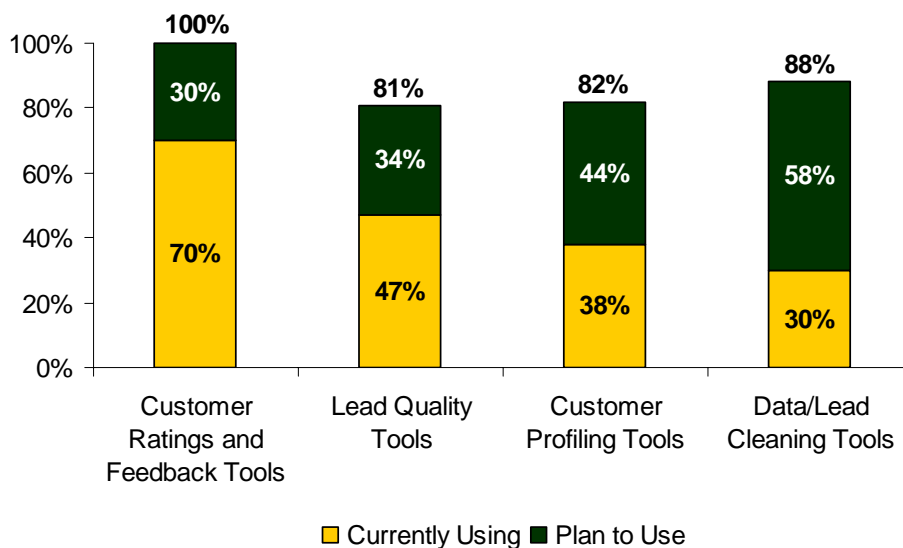
Source: Aberdeen Group, March 2008

Regardless of the method used, note how Best-in-Class are three times less likely than their peers to indicate the marketing department is not qualifying leads before passing them to sales. Technology also plays a key role in lead qualification and scoring techniques.

Enabling Technologies

One-hundred percent (100%) of Best-in-Class organizations are leveraging (or planning on leveraging) customer feedback tools to capture customer preferences, perceptions, and the customers experience with the firm. These tools help Best-in-Class organizations improve the quality of lead qualification techniques and the accuracy of lead scores. Best-in-Class will also look to customer profile management tools and data cleansing tools to maximize marketing and sales effectiveness. (See Figure 4)

Figure 4: Best-in-Class Use of Lead Management Tools



Source: Aberdeen Group, March 2008

Case in Point

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 the development of a closed loop marketing system to identify the effectiveness of marketing materials and qualify leads based on propensity to buy. "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.

Solution Snapshot

The vendors in the table below represent a snapshot of the solution providers used by Best-in-Class to deliver lead scoring and prioritization capabilities.

Table 1: Vendor Landscape

Company	Sample Customers
Aprimo www.aprimo.com	AMD, Dell, Cingular
Eloqua www.eloqua.com	Sybase, Nokia, Palm, RedHat
Factiva www.factiva.com	Ernst and Young, Microsoft, Countrywide Financial
Market2Lead www.market2lead.com	Interwoven, Netgear, Cisco
Manticore www.manticoretechnology.com	Kelloggs, Riverbed, MRI, Net Forensics
ReachForce www.reachforce.com	Mirage, Pavilion, Tipping Point
TargusInfo www.targusinfo.com	AT&T, Loehmann's, GE
Unica www.unica.com	Aramark, Best Buy, E-Trade Financial
Validar www.factiva.com	Convention Data Services, Expologic, FISH
Vtrenz www.vtrenz.com	Fortify, CMS Direct, Aptera, Ciena

Source: Aberdeen Group, March 2008

Recommended Actions

The following recommendations will help prioritize efforts to implement lead scoring and prioritization initiatives:

- **Start with a robust customer profile database then automate lead scoring with technology.** Lead scoring and prioritization is a natural addition to any customer profile database. Best-in-Class leverage marketing databases to centralize marketing and sales data for scoring, prioritization, segmentation, targeting, and trends and analysis.
- **Measure the effectiveness of lead scoring and prioritization. Use these measurements to drive accountability and ownership of lead management initiatives.** Most lead management applications have built-in reporting and analysis. In order to maximize sales and marketing effectiveness, organizations need to drive accountability in sales *and* marketing. Lead management tools provide excellent opportunities to automate reporting and performance management.
- **Focus on quality, not on quantity.** The quality of prospect and customer data is essential to maximizing any investment in lists or technology. 87% of Best-in-Class are currently automating or planning on automating lead management capabilities. Data quality becomes essential to effective automation. Eighty-eight percent (88%) of Best-in-Class organizations surveyed will be investing in data quality and cleansing tools over the next 2-3 years.
- **Share the definition for a lead and prioritized lead between marketing and sales.** This is consistently a recommendation and yet rarely exists within Industry Average and Laggard organizations. This is a huge step towards aligning sales and marketing and maximizing investments in lead management. Marketing should adopt sales' definition of a 'qualified lead'.

Lead management tools are one of the top three most widely used technologies among Best-in-Class sales and marketing functions (next to CRM and eMail Marketing). Aberdeen research reveals lead scoring and prioritization tactics play significant roles in achieving Best-in-Class performance.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research	
<u>CMO Strategic Agenda: Closed Loop Marketing Automation; March 2008</u> <u>The Convergence of Sales and Marketing Technologies; December 2007</u> <u>Demand Generation: Kick-Start Your Business; September 2007</u>	<u>Success Strategies in Marketing Automation, July 2007</u> <u>Automating Leads to Sales, March 2007</u>
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