



THE CRAWL, WALK, AND RUN OF LEAD SCORING

Optimize Revenue by Pursuing the Right Leads

Executive Summary

Ongoing budget pressures and the proliferation of media channels such as mobile and social media means marketing dollars need to work harder than ever, but most companies continue to struggle to boost conversion rates. Part of the problem is that organizations need to be working smarter.

According to a recent study by *ResearchCorp*, fewer than 10 percent of B2C organizations are using proven lead scoring techniques to effectively identify and target prospective customers. Meanwhile, lead generation dollars continue to go to waste.

Sales and marketing leaders can stop the budget drain and drive higher top line growth by using lead scoring — the use of existing customer profiles to predict the potential value of a prospective customer — and the best way to adopt it is in stages.

There is an adage that says you have to crawl before you can walk and walk before you can run. This is the case for companies that want to leverage lead scoring to identify high-value prospective customers and convert them into buyers.

Organizations in the “crawl” stage of lead scoring often start by prioritizing leads based on their propensity or likelihood to purchase products. They follow that by using lead scores to identify the media channels that are generating the best leads and by reallocating investments accordingly.

Companies that have moved onto the “walk” stage have learned how to match leads to the best-suited sales agents and how to tailor follow-up communications for each lead segment. Having mastered those strategies, enterprises are ready to enter the “run” stage, where they can customize scripts, offers and pricing on the fly using real-time lead scores.

Leads do not have to slip through the cracks. This white paper explains how to develop a clearer picture of your prospects, use lead scores effectively and make substantial improvements to your conversion rates and customer lifetime values.





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Lead Scoring: A Starting Point

To implement lead scoring tactics at any stage, an organization must first develop a comprehensive understanding of who its customers are by analyzing data and building a scoring model. A lead score should link directly to an organization's business goals and draw upon a rich history of customer interactions.

Below are just a few questions your model should consider:

- Who are the responders? Which ones purchased?
- Who bought the most profitable product? Who purchased the loss leader or the product in between?
- Who became a repeat customer?

Using that information, marketers are able to build a scoring model to rank prospects, as well as segment them based on the most appropriate messages or follow-up communication channels (e.g. phone, email, direct mail).

Once a scoring model is in place, companies are able to recognize the prospects who are most likely to purchase. As Paul McConville, Vice President of Sales at TARGUSinfo points out, "If you can't figure out who someone is, you can't engage them effectively."

According to a recent study by *SiriusDecisions*, one quarter of an organization's leads may be unusable because of dirty data. If lead scores are based on poor data, the scores and any attributed information is meaningless.

To achieve a valuable lead score, the inbound lead needs to be linked to predictive attributes. Those attributes must be correctly associated with the inbound lead at an individual or household level, or you end up predicting the behavior of the wrong individual.

Marketers should closely examine the quality of the contact information provided. This information and its links to other attributes used to calculate lead scores has direct bearing on the organization's ability to convert leads into sales.

This is where lead scoring excels — but only when the marketer or sales manager understands the underlying details that comprise the score.

Marketers need to be acquainted with the characteristics of their top-scoring leads so that they can engage them based on their unique attributes. "The information that lies underneath your scores is a treasure trove of value that allows you to treat each consumer differently and dramatically improve the value of your leads," says Kim Garner, Vice President of Analytics at TARGUSinfo.

That is why it is critical to have transparency with the partners that create and deliver lead scores. It is important to avoid black-box lead scoring systems, which are much like the Zoltar fortune teller machine at a county fair where you put your coin in the slot and out comes a prediction.

Does it provide any insights as to how it arrived at this forecast, however? Likewise, marketers do not gain any additional knowledge about customers' attributes from a black-box lead score.

"It's critical for people to understand that a lead score in a vacuum is almost meaningless," says Chris McArdle, Executive Director of Interactive Markets at TARGUSinfo. "Our clients tell us time and again that understanding what makes up a lead score is far more important than a score itself could ever be."

Divide and Conquer

As any experienced marketer will tell you, different customers have different value. Similarly, not all leads are alike, yet many organizations continue to treat them the same. It does not make sense to call 100 percent of the leads that come in; studies have shown that the top 10 percent of leads have conversion rates that are 250 percent higher than average while the bottom 10 percent converts 60 to 70 percent lower than average. It is more effective to direct the lowest ranking leads to an integrated voice response system or contact them via an e-mail campaign.

Successful companies segment their leads into different classifications (e.g., Gold, Silver, Bronze) to optimize lead management campaigns, Garner suggests. The ability to index leads and tailor lead management strategies for each group cannot only make a huge difference to conversion rates but dramatically reduce acquisition costs.

An Agile Approach

Before an organization can use lead scoring effectively, it needs to set up real-time access to scores so they can act on them in real time. When sales agents are on the phone with prospects, for example, they cannot wait for a lead score to arrive. They need information that is delivered in sub-second speed.

Lead scoring enables organizations to apply what they know about their best customers to outbound marketing. By understanding who the best leads are, marketers can optimize all of their targeting, acquisition and conversion programs — crafting the right messages, using the most appropriate channels and focusing on the proper geographies.

What Drives a Lead Score?

What drives a lead score depends on the type of consumer behavior marketers are trying to predict. For instance, TARGUSinfo clients in higher education want the ability to predict not only the types of prospective students that are going to enroll in university programs, but also how likely they are to "stay and pay." If they don't stay enrolled for at least two terms then they are usually not profitable for the school. Other marketers might want to simply predict who is likely to purchase. Still, others might want to predict who is likely to purchase multiple product lines.





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Crawl, Walk or Run: What Stage of Lead Scoring is Your Organization In?

Take this 5-question quiz to determine the level of lead scoring maturity within your company.

- 1 Do you have systems in place that allow you to treat each of your inbound leads differently?**
 - a) No, we treat them all the same
 - b) We're working on putting processes in place
 - c) We treat each prospect differently

- 2 Do you tailor your messaging to different sets of inbound leads?**
 - a) No, it's the same message for everyone
 - b) Yes, but the messaging is only based on the lead source or advertising channel
 - c) Yes, messaging is carefully crafted for discrete sets of prospects based on behavioral and demographic information

- 3 Does your organization have the ability to change business processes in real time depending on the lead type?**
 - a) Not at all
 - b) Somewhat
 - c) Yes, we're a highly agile organization

- 4 Can your organization optimize its lead sources and media channels mid campaign?**
 - a) Not at all
 - b) We track results and optimize spend but it takes weeks or months
 - c) We know, within a matter of days, which channels bring in the best leads

- 5 Does your organization segment leads and route them to the best-matched agent based on their likelihood to convert or potential value?**
 - a) No, all leads are treated the same
 - b) Yes, all leads are categorized but routed to sales agents randomly
 - c) Yes, all leads are categorized and routed to the appropriate agent

Scoring: A=1; B=2 and C=3.

If you scored 7 or less, start reading in the "crawl" stage.

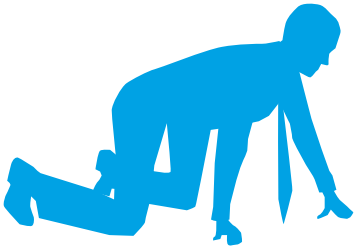
If you scored between 8 and 11, you can skip ahead to the "walk" stage.

If you scored 12 or higher, start reading in the "run" stage.



Implementing Lead Scoring in Your Business

In this section we'll explore the Crawl, Walk and Run phases of lead scoring, as well as steps organizations can take to master each level and move onto the next.



Crawl

One of the biggest misconceptions that would-be adopters of lead scoring have regarding lead scoring is that it's too complex to implement in their businesses.

In practice, it's not complicated. Think of it as a logical lens that can be used to more closely examine a consumer's potential. Lead scoring is a shrewd way to make better use of your assets for improved returns.

The initial stage of lead scoring implementation, which can be thought of as the "crawl" phase, does not entail any sales agent training; it requires minimal IT involvement and there is no script writing required. In the "crawl" phase, organizations are prioritizing leads within the call queue and for follow up, as well as optimizing lead sources and media channels.

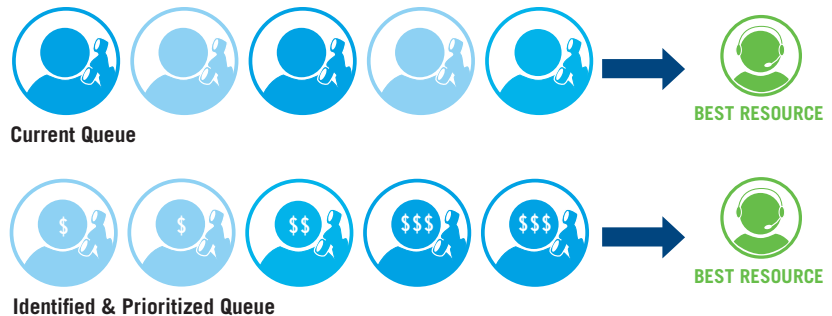
Prioritizing Leads

How it works: Lead scoring lets you identify which leads represent your best opportunities by looking at their likelihood to purchase or be a profitable customer.

One of the biggest advantages of lead scoring is that it allows organizations to push the best prospects to the front of the queue, whether they have called in or filled out a web form.

Benefits: By prioritizing inbound callers, top prospects spend less time in the queue. That results in lower call abandonment and a better customer experience. By ranking leads for outbound follow up, companies connect with potential high-value prospects while they are still actively making a purchase decision — before the competition. Most important, prioritization generates higher conversion rates in more profitable customer segments.

Prioritizing Leads



Optimizing Lead Sources and Media Channels

How it works: Identifying the sources for your best leads is critical for reducing acquisition costs and improving lead quality. To establish a baseline, evaluate the distribution of lead scores by source and media channel. Which generate the best-scoring leads? Then reinvest capital from lower-performing sources into those that yield the highest returns.

While organizations can do post-campaign analyses to obtain the same intelligence, the advantage of lead scoring is that marketers can identify non-profitable lead sources early and then quickly cut ill-chosen investments, or reallocate spend from lesser quality to higher quality vendors.

Benefits: Marketers reduce "waste" by focusing on higher-performing lead sources and media channels. This lowers the cost per acquisition, as well as increases the efficiency of acquiring better leads in the future.



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AccuQuote Increases Sales Conversions by 4-5% Using Lead Scoring



Thanks to numerous process challenges, AccuQuote — a leading provider of term life insurance quotes — identified its lead management program as a target-rich environment for improving company profitability. “We knew that 20 percent of our leads were unlikely to move through to paid status,” says Sean Cheyney, Vice President of Marketing and Business Development for the Wheeling, Illinois based company. “The problem was that we didn’t know which leads were which.”

Experience told the company that the faster an agent called a lead, the more likely it was to convert. However, leads were simply filtered from web forms into an outbound dialer in the order they were received — causing the sales team to waste time on unprofitable leads while the best leads laid fallow and grew stale.

The company’s recent adoption of On-Demand Lead Scoring from TARGUSinfo has changed all that. Even though AccuQuote is still in the “crawl” stage with its lead scoring, the company is already capable of separating window shoppers from potential buyers as they enter the pipeline, says Cheyney.

Separating Buyers from Leads

AccuQuote prospects are guided by targeted advertising to visit the company’s website and complete web forms to get further information about insurance options.

With On-Demand Lead Scoring, leads are ranked on a scale of 1 to 10 based on their propensity to purchase and be profitable. The best-ranking prospects are then moved to the top of the queue for the outbound dialer. From there, the sales process is handled over the phone — with the best scoring leads going to the best agents. Leads that are judged to be less likely to convert are contacted through email or passed to trainees so that they can cut their teeth.

This simple process change has given a serious boost to sales team efficiency — significantly reducing cost per acquisition. “We know that we have leads that inevitably drop out of the sales funnel. Lead scoring allows us to vet these quickly — before we invest too many resources,” says Don Loonam, Senior Vice President of Sales, Marketing and Fulfillment at AccuQuote. Now, instead of calling every lead, sales representatives are spending time on the leads that are most likely to become customers — freeing up an extra hour a day per agent to spend on cross-sell and needs analysis. “The extra time for proactive selling has delivered historic gains to our revenue growth,” says Loonam.

During the evaluation stage with TARGUSinfo and other lead scoring providers, Loonam and his team compared the leads that scored well to those that ultimately converted. TARGUSinfo's lead scores were 92 percent accurate — thanks to greater flexibility and more granular score categories — while the other vendors were in the 70 percent range. “No one else can match TARGUSinfo's ability to accurately identify inbound leads and then link them to attributes in real time,” Loonam says. “The result is exceptionally predictive lead scores.”

Real-Time Intelligence for Lead Generation

Unlike other types of products that can be purchased online with the click of a mouse, the sales cycle for life insurance can often take 10 weeks or more. The months it took to determine the impact of an ad campaign on sales volume was an ongoing point of contention.

With On-Demand Lead Scoring, AccuQuote decision-makers can evaluate lead quality generated through targeted ad campaigns within 24 to 48 hours, says Cheyney. The insurer uses this critical intelligence to quickly shut down low-performing campaigns and reinvest dollars where they are better spent.

“Lead scoring is a win-win for AccuQuote on both the expense and top line sides.”

-Don Loonam, Senior Vice President of Sales, Marketing and Fulfillment at AccuQuote.

Loonam says he's impressed by TARGUSinfo's ability to deliver accurate scores in real time while prospects are still visiting AccuQuote's website, allowing the marketing team to optimize messaging as soon as the prospect submits the form.

Working Smarter

Along with predicting intent to purchase, AccuQuote executives were also looking to increase conversions by identifying which leads would be able to pass through the underwriting process. “Lead scoring is very intuitive, even to a novice,” adds Loonam. “Our lead scores now touch all areas of our operations, from media buys to the call center to sales management.”

With very few changes to its business processes, lead scoring has already helped AccuQuote to improve conversion rates by 4 to 5 percent, Loonam says. “We're very encouraged by our results so far, and we're just getting started.”



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Walk

Once lead scoring practitioners have mastered the basics, they are prepared to apply more advanced techniques in the “walk” stage. This stage includes the ability to determine which leads should be routed to which sales agents and involves customizing lead nurturing communications, based on potential value.

Matching Leads to Agents

How it Works: Creating the best customer experience while improving efficiency and effectiveness means routing prospects to the sales agents with the most appropriate skill level or product knowledge based on each lead’s interests and propensity to make a purchase.

In the contact center, it is best to route top prospects to in-house or dedicated sales agents who have the most knowledge. Marketers can then direct lower-ranked leads to an IVR, non-dedicated agents or newer agents.

Some leads convert well regardless of which sales agent they talk to. Why route those leads to top agents if they are just as likely to convert with a less-experienced agent? Marketers can develop lead scoring models that match “agent sensitivity” appropriately, allowing less-experienced agents to handle the leads that will purchase anyway.

Benefits: By matching leads with the most appropriate agents, companies can improve their resource allocation and customer experience. This helps to produce higher conversion rates, especially for a company’s most profitable customer segments.

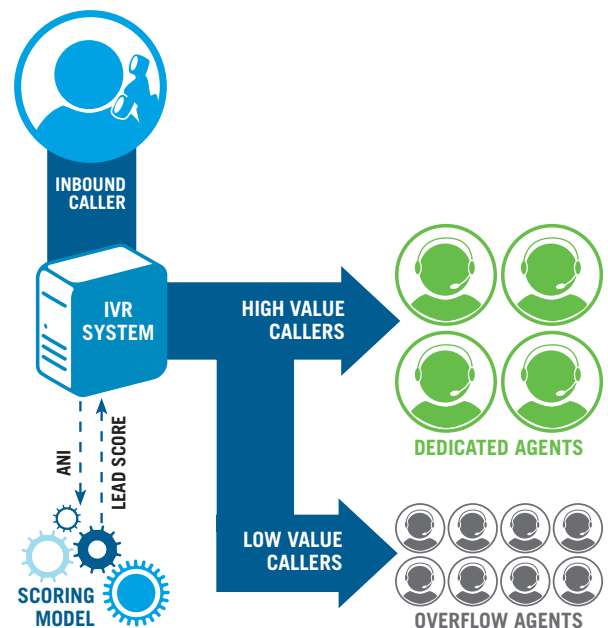
Customize Lead Nurturing Communications

How it works: Tailoring lead nurturing for each lead segment, based on such attributes as potential lifetime value helps improve conversion rates. For example, marketers might send top prospects a direct mailer with a DVD. Meanwhile, they might contact lower-priority prospects by email.

Additionally, customizing messaging, offer or pricing, based on the preferences and interests indicated by a lead’s score further boosts results.

Benefits: By tailoring the message and format for each prospect or set of prospects based on their unique attributes, an organization improves its customer experience and increases conversion rates, especially in more profitable customer segments. Using custom communications can also help to increase customer lifetime values by speaking more relevantly with prospects.

Matching Leads to Agents



Converting On Campus

Founded in 1971, Liberty University (LU) is the largest and fastest growing Christian Evangelical academy in the world. Currently, the university has nearly 52,000 students enrolled — 11,900 on its campus in Lynchburg, VA, and more than 40,000 online.



Between 2008 and 2009 LU doubled its enrollment, attracting more than 250,000 leads per year through the Internet and other marketing channels. With such a huge influx of new leads, it was becoming cost-prohibitive for LU to follow up on each prospect with a live response, email or direct mail.

“We knew we were treating all leads the same,” says John Donges, Executive Director for Liberty University Online. “Our enrollment counselors were giving the same amount of attention to serious learners as they were to window shoppers.”

Personalizing the Experience

LU wanted to personalize its treatment of high-value leads — those prospects who were most likely to become long-term students — to get the most out of its growing lead volume. To help sharpen its focus on top-ranked leads, LU turned to TARGUSinfo’s On-Demand Lead Scoring to classify tens of thousands of leads per month in real time.

LU selected TARGUSinfo for the breadth of its coverage and for the currency and accuracy of its consumer data. After analyzing the LU customer database, TARGUSinfo was able to create tailored profiles of those prospects that were most likely to enroll. LU now scores each lead according to those profiles and prioritizes its marketing efforts around converting the most promising leads into students.

Top leads are now matched with LU’s enrollment counselors, based on the students’ interests and each counselor’s skills and experience level. Meanwhile, remaining leads are directed to less labor-intensive channels such as direct email, saving LU capital and staff time.

“As a university, the heart of our mission is, of course, quality education,” says Donges. “Qualifying our leads with On-Demand Lead Scoring lets us focus on our mission by directing us toward eager learners instead of wastefully slogging through unproductive leads.”

Increased Enrollment

Using TARGUSinfo’s On-Demand Lead Scoring, LU is now converting 4 to 5 percent more high-quality leads into enrollments. LU is also saving \$150,000 a year on direct mail by reducing the number of packages it sends out. Now, it only mails information to the prospects that are most likely to enroll.

Looking ahead, the university plans to integrate its real-time lead scores into its call center to help ease inbound inquiry call processing.



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Run

Repeated success with lead prioritization, channel optimization and message customization signals a readiness for other approaches aimed at maximizing customer acquisition results. This includes customizing scripts, product offers and pricing — at the moment of live consumer interaction. It also incorporates using lead scores to find more of your best prospects online.

Real-Time Customization

How it works: Marketers can use lead scores to populate screen pops with tailored messages that sales agents can present to prospects based on the offer that is most likely to close the deal. Personalizing call scripts has the added advantage of providing each prospect with the intimacy of a face-to-face connection.

Benefits: The more relevant the message is to the prospect, the higher the likelihood of conversion. Prospects who feel they've been catered to are also more likely to return as repeat customers and extend their lifecycles as profitable buyers. This translates into higher wallet share and greater lifetime value.

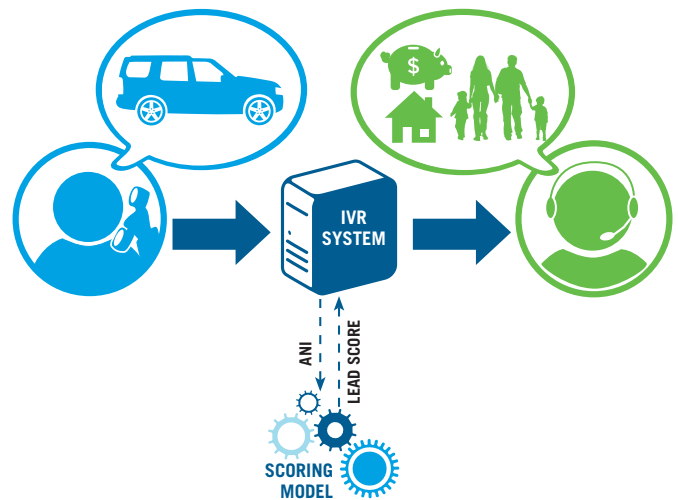
Find Your Best Prospects Online

How it works: Sophisticated lead scoring professionals know how to take what they know about their best leads and use it to find more leads just like them.

To help boost lead quality, use online cookies — accessible via ad agencies and ad networks — to locate prospects that match the profile of your best-scoring leads via display advertising. Improve the relevancy of online ads by fine-tuning the messaging aimed at top prospects based on the known attributes of similar prospects who converted to customers.

Benefits: Sharply focused online campaigns result in higher sales due to increased click-throughs and higher conversion rates, particularly in more profitable segments.

Real-Time Customization



Conclusion

The effective use of lead scoring enables marketers to deepen their relationships with prospects over time, and helps salespeople to close more sales. Even if an organization is still in the “crawl” stage, it will quickly realize the benefits of lead scoring, including decreasing media waste, improving conversion rates, increasing revenue and growing both wallet share and customer lifetime value.

As lead scoring practices within a company continue to evolve, so will the organization’s maturity level with the use of lead scoring. Companies that adopt lead scoring can use it to vault ahead of the competition.

With automated, real-time lead scoring, it’s possible to:

- Prioritize leads and send them directly to top sales agents for more efficient lead management
- Focus on best leads to grow the ideal customer base
- Create a more relevant dialog with customers and prospects for a better customer experience
- Get more results from marketing dollars

The benefits of lead scoring are clear. Sales and marketing teams can more effectively identify best prospects — boosting conversion rates and improving both sales and profits.

About TARGUSinfo

TARGUSinfo, the trusted provider of On-Demand Insight®, drives smarter interactions with customers and prospects on the Web, over the phone and at the point of sale. The company combines authoritative data, unique predictive analytics and a proprietary real-time network to deliver nearly 100 billion transactions a year.

With its On-Demand Lead Scoring solutions, TARGUSinfo helps Fortune 500 companies understand who’s contacting them in order to improve contactability, prioritize sales efforts, increase conversion rates and boost customer lifetime values. A privately held company, TARGUSinfo is headquartered in Vienna, Va. For more information, visit www.TARGUSinfo.com.





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