State of Lead Scoring 2015

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Executive Summary

CommuniGator and Raab Associates asked a sample of sales and marketing leaders about their use of lead scoring. We found that scoring is used by a minority of firms – even fewer than marketing automation – but that users are largely satisfied with their results. The primary obstacle to non-users seems to be lack of information about lead scoring rather than specific technical or business obstacles.

This paper explores the survey results in detail and provides survey-backed recommendations for how companies can get started with lead scoring or improve their existing programs.

Key Takeaways

Lead scoring is a perplexing topic: although the value of objectively ranking leads is widely recognized, many sales and marketing departments have not deployed a scoring system. This survey aims to understand the reasons for that gap and what can be done to close it. Insights extracted from the results include:

- **Lead scoring is indeed worthwhile.** Users reported an array of benefits, with particular strength in helping sales teams to focus their efforts on the most promising leads. Although relatively few companies had formally measured the return on their lead scoring investment, those who did were overwhelmingly satisfied.

- **Education is the chief obstacle to adoption.** Non-users were most often deterred by not knowing how to set up lead scoring and doubts about its value. But users reported relatively few problems with set-up and were quite pleased with the value received. This suggests that making non-users familiar with actual industry experience could remove many of their fears and encourage them to try lead scoring for themselves.

- **Creating a good scoring formula is hard but most users ultimately succeed.** Users cited selecting scoring weights and data as their biggest obstacles. Yet they had relatively little trouble getting marketing and sales teams to use the scores, suggesting the results were accurate enough to be useful.

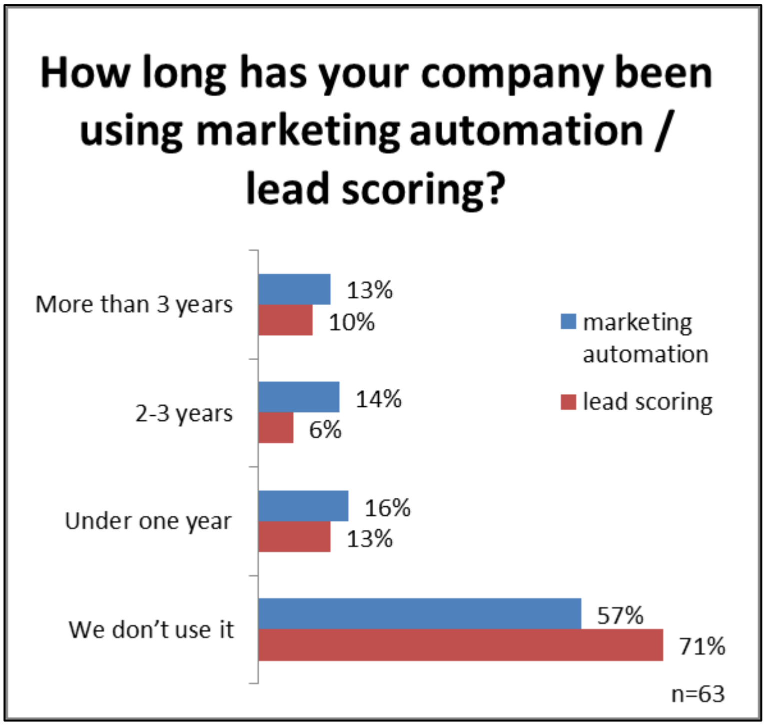
- **Users are ready for advanced scoring methods.** Most users based their scoring formulas on recommendations from sales and marketing teams rather than advanced statistical analysis. In fact, just 5% used a formal predictive modeling system. But those users were eager to apply more data and more refined approaches, such as reducing points from less recent events. This suggests that users will demand more from scoring systems as they gain experience.

- **Marketing automation enables lead scoring but not right away.** Only one-third of new marketing automation users deployed lead scoring within the first year but nearly two-thirds were doing lead scoring after year three. By contrast, just 11% of companies without marketing automation had lead scoring. This all suggests that marketing automation provides data, marketing-to-sales integration, and aligned business processes that are preconditions for lead scoring deployment.

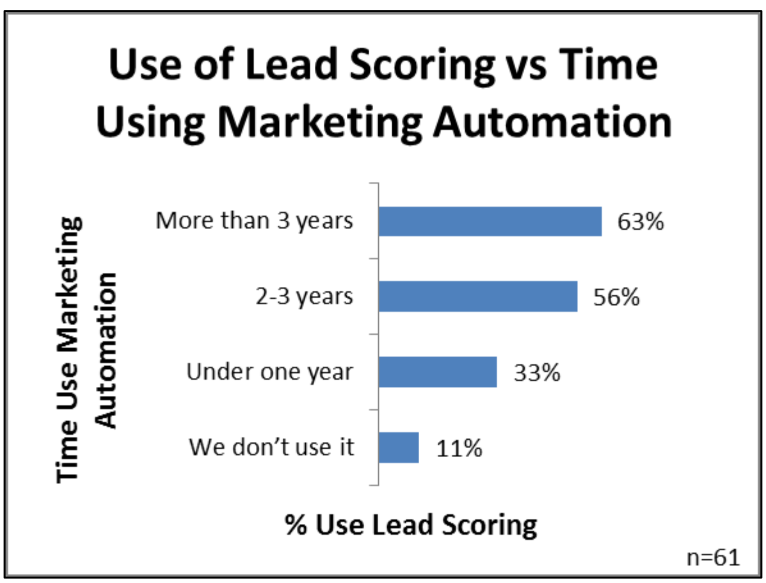
The over-arching conclusion is straightforward: lead scoring is a viable and valuable tool to help marketing and sales departments reach their goals. Once prerequisites including marketing automation are in place, companies should move lead scoring to the top of their agenda. The results will more than justify the effort.

Analysis

Lead Scoring Lags Marketing Automation

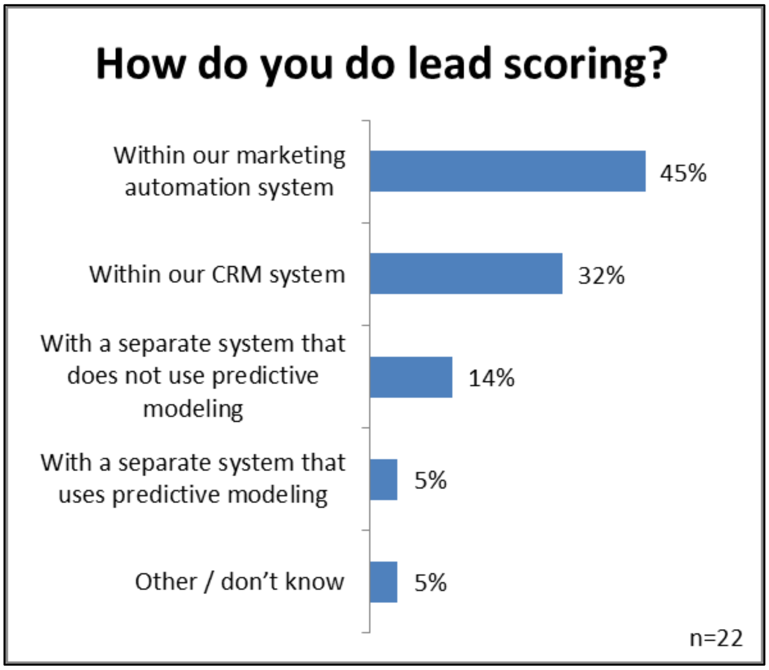


Lead scoring has long been considered an advanced application. The data reinforces this perception: considerably fewer respondents use lead scoring (29%) than marketing automation (43%) and lead scoring users are more likely to have started within the past year.

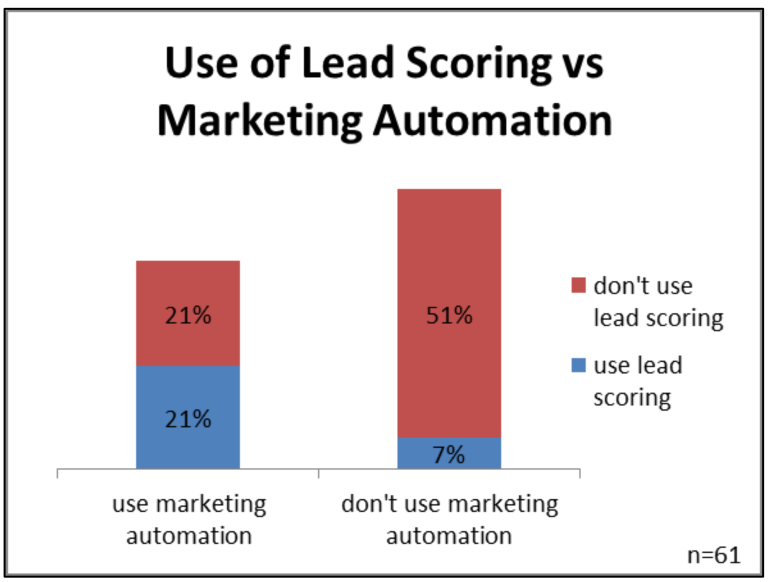


More experienced marketing automation users are more likely to use lead scoring, again suggesting that lead scoring is adopted after firms have mastered more basic marketing automation skills. This means we can expect lead scoring to grow rapidly in the near future as mature marketing automation deployments become more common.

Lead Scoring Is Usually Based on Marketing Automation



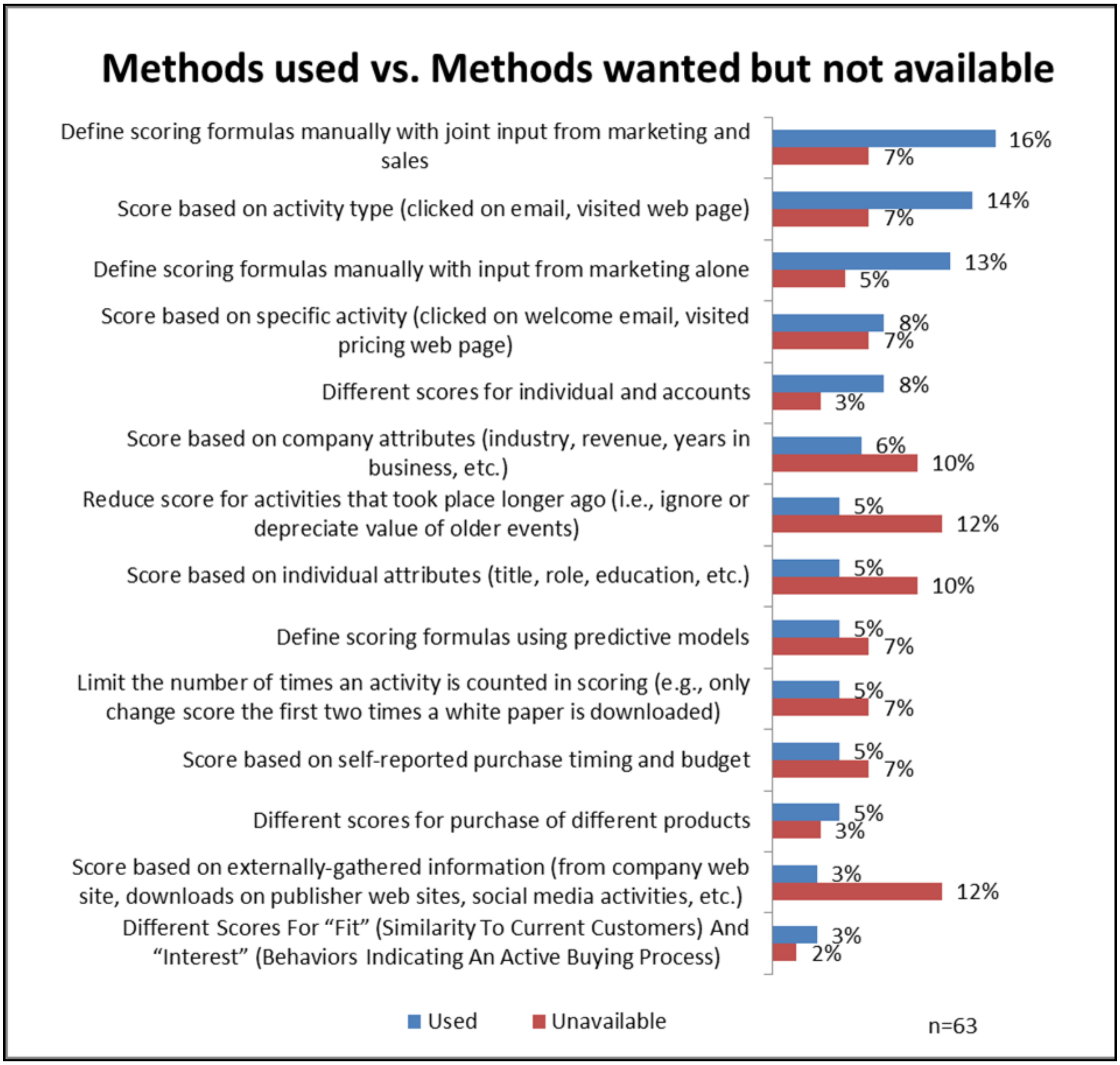
Just under half of the companies with lead scoring (45%) did it within their marketing automation system. About a third used their CRM scoring features (32%) and most of the rest used a separate scoring system (19%, including 5% with predictive modeling).



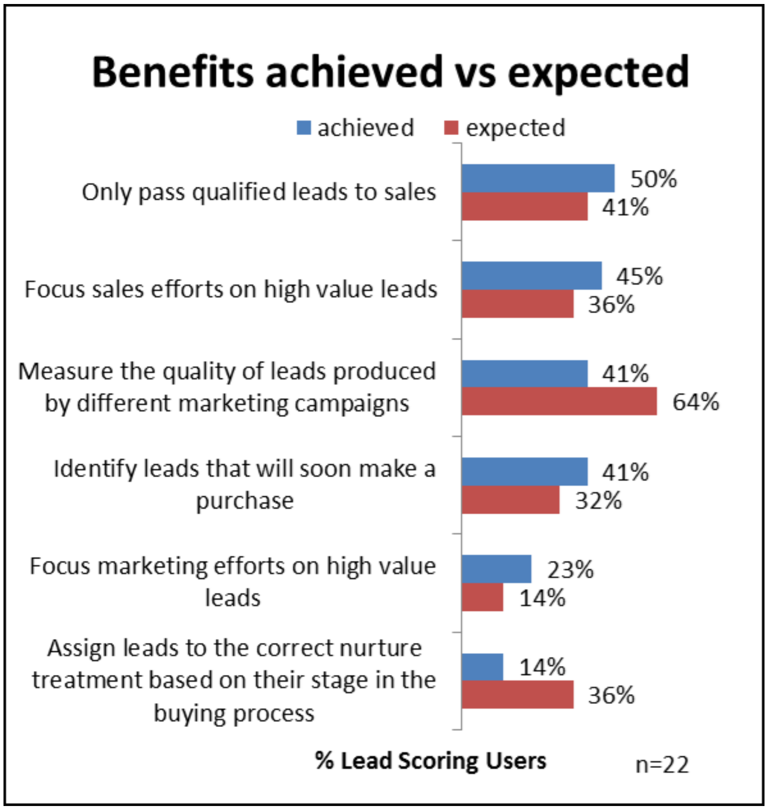
But marketing automation may play a larger role in lead scoring than these figures suggest. It's likely that many firms with a separate predictive modeling system were feeding that system with marketing automation data and were using the resulting scores to help make marketing automation decisions. Over all, three quarters of the companies doing lead scoring also had marketing automation (21% vs 7%). Viewed from another perspective, lead scoring was in place at half the companies with marketing automation (21% of 42%) but just 11% of the companies without it (7% vs 58%).

Users Want More Data and Advanced Scoring Methods

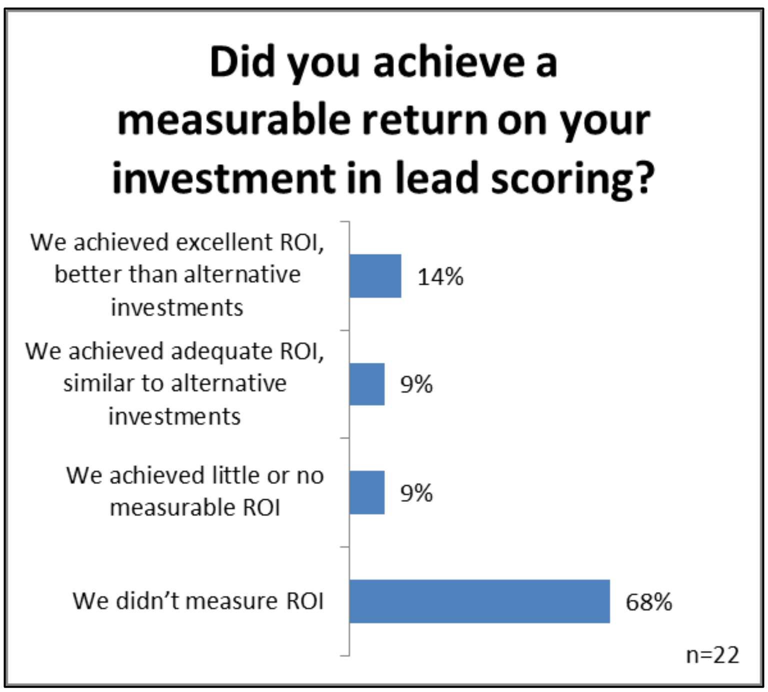
The most common lead scoring methods are simple ones – manually defining input and scoring on activity. Many marketers would have liked to score on company, individual and external data but could not, presumably because the data was not accessible. They would wanted to use advanced techniques such as reducing points for older events and capping the points earned by any single type of activity. Those features may not have been available in their scoring systems.



The Greatest Benefit of Scoring Is Prioritizing Leads for Sales



Lead scoring proved most helpful to the sales team: the most commonly achieved benefits included passing qualified leads to sales (50%), focusing sales efforts on high value leads (45%), and identifying leads that will soon make a purchase (41%). Benefits to marketing were slightly less common: measure the quality of leads by campaign (41%), focus marketing efforts on high value leads (23%), and assign leads to the correct nurture treatment (14%). Those are more difficult measurements than simply prioritizing leads for sales, suggesting that lead scoring may not been quite as precise as users originally anticipated. The biggest gaps between expectation and achievement also belonged to this marketing-related group, probably for the same reason.



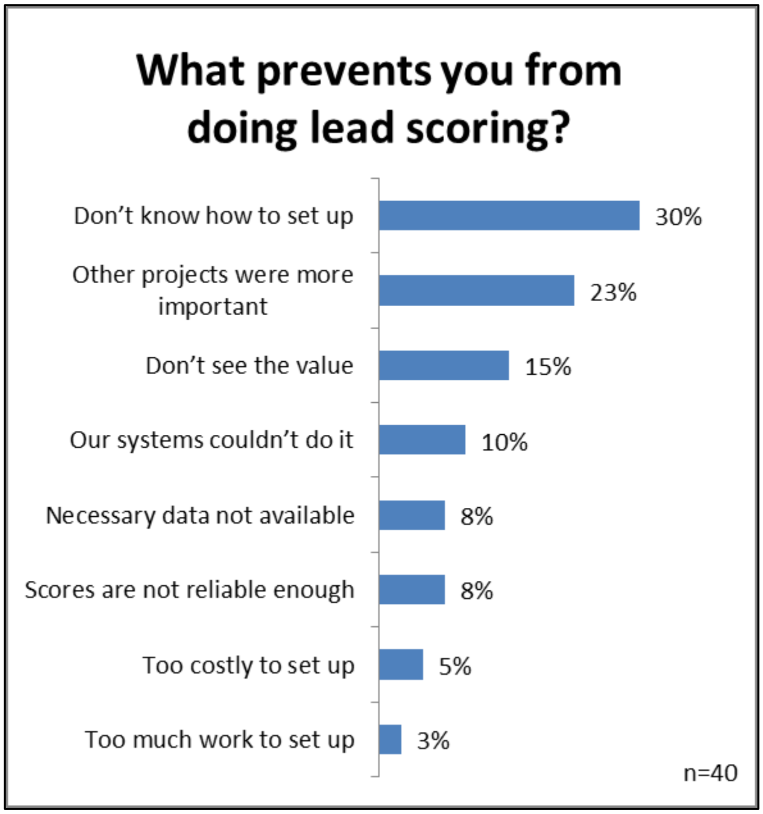
More than two third of the companies that measured return on investment were satisfied with results. Nearly half reported higher ROI than alternative investments. While this generally suggests high satisfaction, it is not conclusive because most companies did not ROI at all.

Getting the Formula Right Is the Biggest Challenge

Developing an accurate score was by the far the greatest challenge facing users, including selecting weights and rules (59%) and choosing the right data (36%). Convincing sales staff to use the scores was cited by just 27% of users. The mechanics of setting up the score were even less often a problem (23%), suggesting that most systems made this relatively easy.

Still fewer users cited Issues related to verifying the scores: checking that scores were accurate (18%), adjusting the formula as scores change (9%), and getting agreement on the formula (9%). This could mean either that users didn't try to verify their formulas or that verifying them was easy. The fact that most users cited prioritization as an achieved benefit suggests they did manage some type of verification.

Non-Users Cite Lack of Skills and Doubts about Value



People who don't use lead scoring are held back by not knowing how to do it and not thinking it's worth the effort. Technical obstacles such as system limits or missing data were much less common. This suggests that lead scoring will grow quickly as once non-users hear about current users' success and become more familiar with scoring techniques.

Recommendations

Has this survey encouraged you to pursue a lead scoring project? If so, here are recommendations based on the survey for what to do next.

Preparation

- **Set objectives.** Start by defining how you expect to use lead scoring. The survey suggests many potential benefits, from assigning new leads to the correct nurture track to helping sales people focus on the best prospects. Each application has slightly different requirements for the data you need, how you'll create your scores, and what you'll do with the results. Identify these in advance so you can be sure to build an appropriate solution. But bear in mind that most companies will end up using lead scoring in several different ways, not all of which are known in advance.

- **Define the process.** Successful deployment often requires changes to systems and business processes in addition to the scores themselves. These changes often involve cooperation among marketing, sales, and IT teams. Identify the changes in advance and be sure you are ready to implement them when the new scores are available.

- **Assemble the data.** Scores may be based on several types of data, including lead behaviors (often captured by the marketing automation system), lead profiles (captured on Web forms or external services), and current customers (captured by sales and used as a model for high-scoring prospects). Make sure this data is available for the lead scoring system to use and that information from different sources can be merged to build a complete view of each customer and prospect. Each element need not be 100% accurate and complete on every prospect, but enough quality information must be available to be useful.

- **Build the scoring formula.** Most companies start by having a team of sales and marketing leaders decide "manually" what data elements to use and how to weight them. This may not give the most accurate possible formula but has advantages of simplicity and built-in user acceptance. Do be sure to calculate sample scores on previous prospects so you can see for yourself that you are ranking them accurately. Plan to do some tuning of the original formula to create better results before you settle on the final weights. If you do have more advanced predictive modeling resources available, try building a model using those and compare performance against the model created by your experts. At most firms, even skeptics will choose to use the better performing model once the results are clear.

Deployment

- **Run live tests.** Nothing kills a lead scoring project faster than initial scores that are clearly inaccurate. Even if you've already tested your scoring formulas against historical data, test them again using actual data feeds before you ask anyone to actually use them. This will make sure that the data you expected is actually available when you do your initial scoring and that the calculation formulas have been implemented correctly in your scoring system. Have a few expert users examine your test scores and verify that the rankings look reasonable.

- **Start with a pilot.** Start by feeding scores to a couple of marketing programs or well-respected sales people. Have them use the scores and report back on results. Once you've achieved success, you'll have examples to point to that will build confidence and enthusiasm for wider deployment.

- **Manage the roll-out.** You should have already planned the necessary system and process changes before deployment began. Now is time to execute those plans, with special attention to training sales and marketing staff to use the scores correctly. As with the pilot, keep a close eye on results and make adjustments as needed to optimize performance. Then publicize success to encourage adoption.

Post Deployment

- **Monitor usage.** Make sure that marketing and sales staff continue to use the scores after the initial roll-out. This may require auditing the leads that are passed from marketing to sales to ensure they have the appropriate scores, and ensuring that sales people use scores to prioritize their efforts. Continue to publicize results so that users see the value the scores provide.

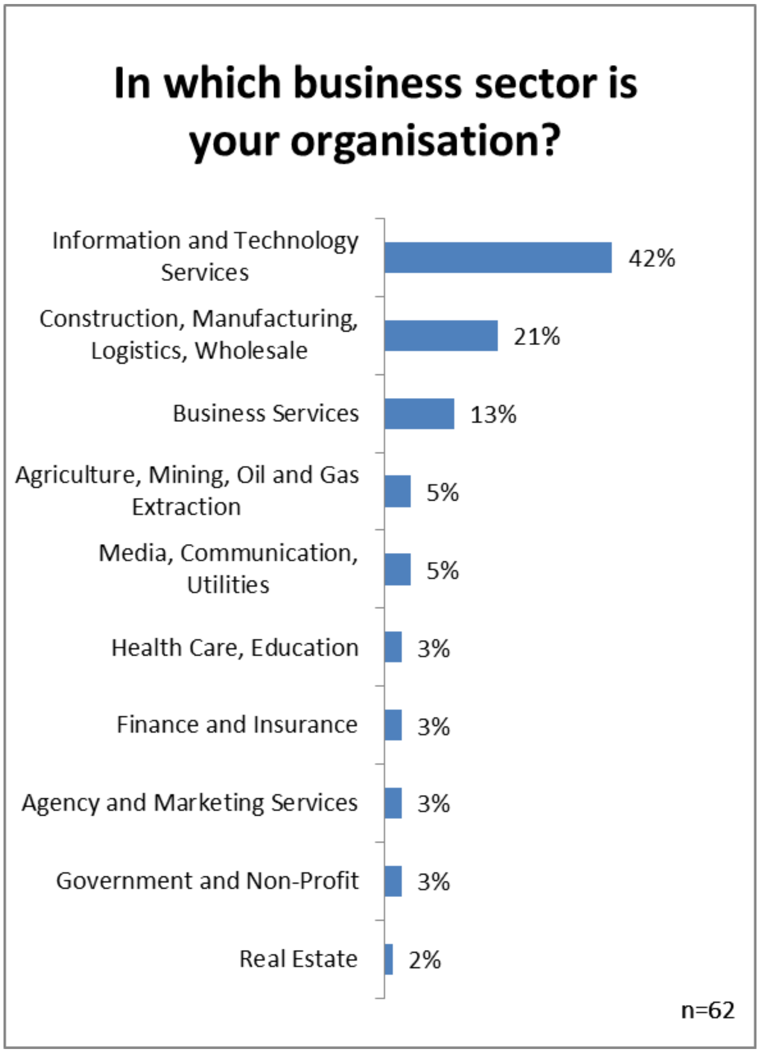
- **Revalidate formulas.** Scoring formulas need to be revisited on a regular basis to ensure they remain accurate despite changes in market conditions and data feeds. Your scoring solution should provide alerts if performance deteriorates, but these will not identify opportunities such as new data sources or adjustments for new products or promotions.

- **Add more data and refined calculations.** The survey showed that limited data access was one of the most common challenges faced in lead scoring. It's often necessary to start a new scoring program with limited amounts of data because nothing more is available. But once the program is running and has positive results, it's easier to justify new investments to add more sources. You'll need a process to test the value of potential sources so you can be sure you're making changes that are worthwhile. Similarly, you'll want to refine your calculations with features such as reduced points for older behaviors. Once your scoring process is in place, it's relatively easy to test the impact of such changes.

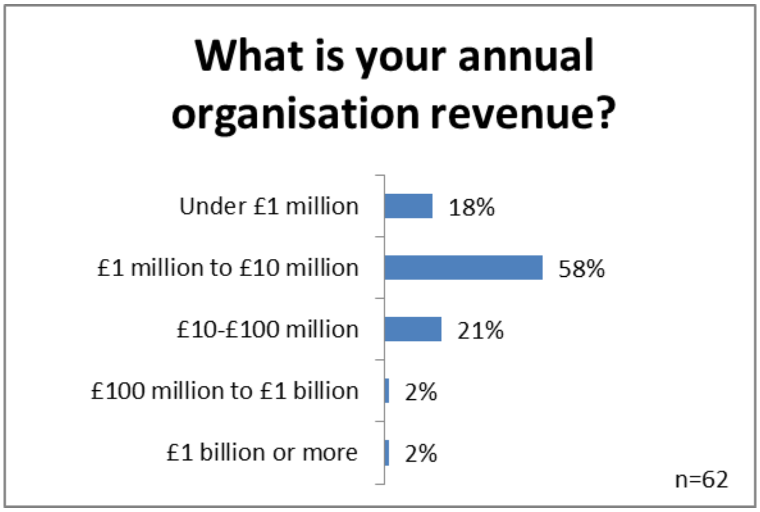
- **Add more applications.** Once your initial applications are running, you can look at other opportunities to take advantage of your lead scoring investment. This might involve using the existing scores in more ways, such as using a sales prioritization score to compare the quality of leads generated by different marketing programs. Or you may find yourself creating new scores for special purposes, such as different scores for different product lines. The opportunities are often endless, so it's important to be systematic about identifying possible applications and determining their relative value.

Methodology and Respondent Profile

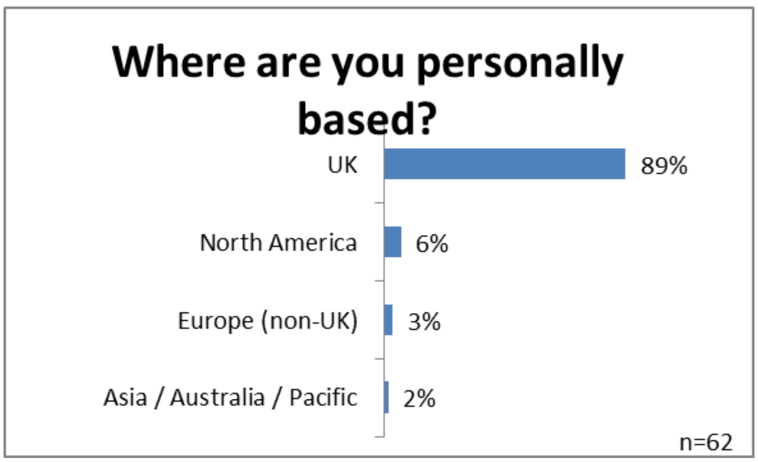
This report presents results of a survey taken in August and September 2015. Responses were solicited by email and social media channels from a list of marketers compiled by Communigator. A total of 62 completed surveys were received.



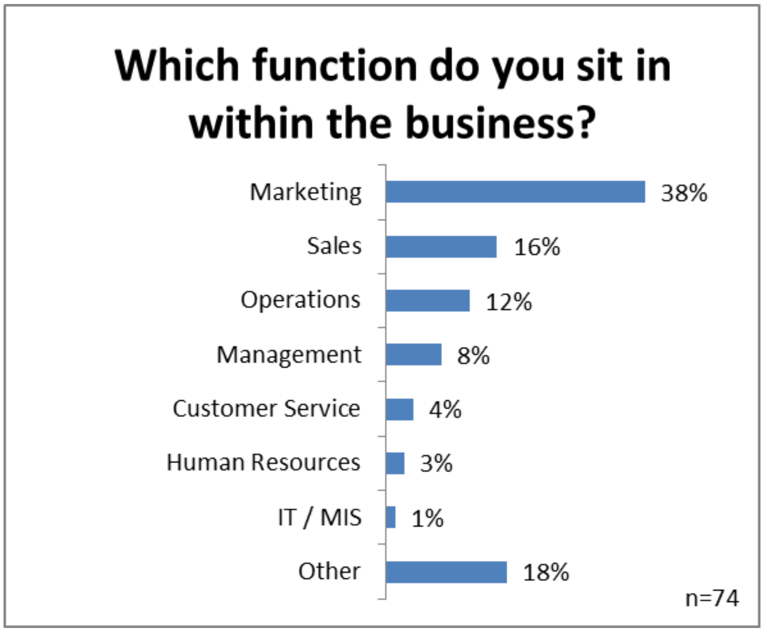
The majority of respondents came from Information and Technology Services and Business Services. Industrial firms accounted for the next largest groups, including Construction, Manufacturing, Logistics, and Wholesales; Agriculture, Mining, Oil and Gas Extraction; and Media, Communication, and Utilities. The remainder were in consumer-oriented industries and government.



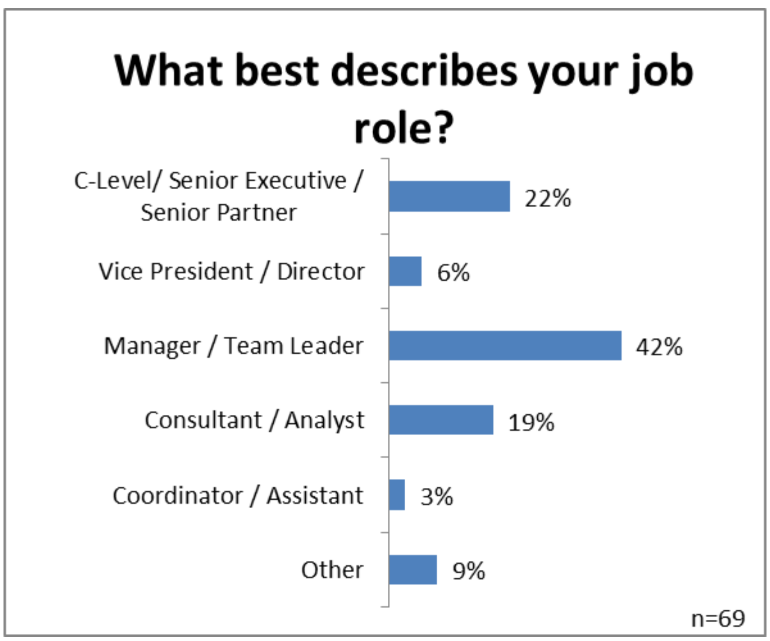
Nearly all respondents were from small and mid-size companies. The majority (58%) had annual revenue £1 million to £10 million and three quarters (76%) had revenue under £10 million. Just 4% had revenue over £100 million.



The great majority of respondents were from the United Kingdom (89%).



The majority of respondents were from Marketing and Sales functions. Most of the rest were from Operations or Management.



Respondents were primarily at the management or staff levels. Those at senior executive levels were almost entirely from small businesses where they could be expected to take a direct role in managing sales and marketing functions.

About Raab Associates

Raab Associates is a consultancy specializing in marketing technology and analytics. Typical engagements include business needs assessment, technology audits, vendor selection, results analysis, and dashboard development. The company also consults with industry vendors on products and marketing strategy. It publishes the *B2B Marketing Automation Vendor Selection Tool* (VEST), the industry's most comprehensive independent guide to B2B marketing automation systems.

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