

# **How Much Time Do You Have Before Web-Generated Leads Go Cold?**

## **Lead Response Management New Research Summary**

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**BACKGROUND**

Anne Holland, founder of MarketingSherpa, invited us to the Business-to-Business 4<sup>th</sup> annual Demand Generation Summit to share the answers we have found to the following question:

“How Much Time Do You Have Before Web-Generated Leads Go Cold?”

Due to the lack of existing research on this topic, we had previously contacted Professor James B. Oldroyd, who was completing his PhD dissertation at Kellogg University’s Management and Organizations Department, to help us design and carry out a new Lead Response Management survey that would provide answers to this question.

Not feeling the survey adequately answered the question, we sought out Dr. Oldroyd again after he had left Kellogg and had taken a position as a Faculty Fellow at the Sloan School of Management at Massachusetts Institute of Technology and asked him to study this question more intently.

During this same time frame we worked closely with FranklinCovey on a case study meant to answer a similar question. (See the brief recently published on this by Sean Donahue of MarketingSherpa.)

This paper seeks to summarize key results from the survey, study, and case study:

- Dr. Oldroyd’s Lead Response Management Survey performed under the auspices of the Kellogg School of Management at Northwestern University.
- Professor Oldroyd’s and InsideSales.com’s collaborative Lead Response Management Study performed while Dr. Oldroyd was at MIT.
- InsideSales.com and FranklinCovey Case Study designed to determine the optimal time to call back individuals who abandon an eCommerce transaction in the middle of a shopping cart process.

## PART 1 – THE KELLOGG LEAD RESPONSE MANAGEMENT SURVEY

### KELLOGG LEAD RESPONSE MANAGEMENT SURVEY OVERVIEW

Companies are spending a significant amount of their marketing budgets on tools designed to increase their ability to generate leads over the web and optimize their sales representative's ability to close those opportunities.

However, companies often use intuition to generate, capture, route, manage and respond to the leads that marketing organizations generate through the web. Intuition is often incorrect. As such, there is an opportunity to help bring science to the field of lead response management.

To understand what is currently happening in companies today in this new area, Dr. Oldroyd performed a survey of marketers and sales manager to identify which organizations are having success and how they are achieving it.

Over the course of four months (June to September 2007), Dr. Oldroyd received 495 responses from companies that drive web leads to their web sites. The surveyed group represents over 40 industries. The survey was primarily responded to by sales or marketing managers/executives and represents a broad distribution of every company size (ranging from "under \$10 million in annual revenue" to over "\$1 billion in annual revenue.") The survey audience consisted primarily of companies that are headquartered in North America (USA, Canada, Mexico).

22 survey questions focused on the following issues:

1. What are the antecedents that drive the highest qualification and close rates?
  - a. Which marketing methods are most effective in driving visitors to company's websites?
  - b. Which website offers compel visitors to enter their information into a web form?
  - c. What methods used to assign and distribute web leads to sales and lead qualification representatives are most effective in driving qualification rates?
  - d. How do the tools used to capture and deliver leads to sales and lead qualification representatives impact qualification rates?
2. How frequently should a sales or lead qualification representative call a web lead to drive the highest qualification and close rates?
  - a. How the number of attempts until a web lead is contacted impacts the firm's qualification and close rate.
  - b. At what point should the firm abandon contact attempts?
3. How do industries differ regarding the response times to web leads to drive highest qualification and close rates?
4. What time frame is best to call web leads to drive the highest qualification and close rates?
  - a. What time of the day is best to call a web lead?
  - b. Which day of week is the best day to call a web lead?
  - c. What length of time should the firm wait before calling a web lead (time from the time a lead was created)?

Generally speaking, the study was focused on identifying **WHEN** the best time was to efficiently contact web-generated leads, and **HOW** to generate, contact, and handle web leads for optimal success.

Several interesting patterns emerged from an analysis of the data that offer clues on how best to generate, capture, route, manage and respond to web-generated leads in order to optimize lead qualification rates and sales close rates.

### HOW do you generate web leads to qualify and close at optimal rates?

To answer this question, Dr. Oldroyd conducted an analysis of which antecedents to generating leads drive the highest qualification and close rates and which processes are most effective in distributing the leads to sales and lead generation representatives.

The study design allowed a focus on both positive and negative relationships between the antecedents and processes, and their correlation on qualification and close rates of the companies in the survey. The table below summarizes some of the key findings and their correlation with qualification and close rates:

In the table below, a '+' sign indicates this method increased qualification and close rates, a '-' sign indicates a negative effect on qualification and close rates, a '~' sign indicates this data bordered on just barely being statistically significant. If nothing is indicated there were no statistically significant relationships in that data. (The appendix has the list of methods we surveyed.)

Antecedents to generating leads:

Demand Generation	
Qualification Rates	Close Rates
<ul style="list-style-type: none"> <li>Search Engine Optimization +</li> <li>Pay per click –</li> <li>Outbound telemarketing –</li> </ul>	<ul style="list-style-type: none"> <li>Social network marketing +</li> <li>Pay per click –</li> </ul>
Offer Types	
Qualification Rates	Close Rates
<ul style="list-style-type: none"> <li>Price quote ~+</li> <li>Videocast +</li> <li>White paper library –</li> </ul>	<ul style="list-style-type: none"> <li>Price quote ~+</li> <li>eBook +</li> <li>Podcast +</li> <li>Click-to-call +</li> </ul>

Processes to distribute leads to sales and lead generation representatives:

Capturing Leads	
Qualification Rates	Close Rates
<ul style="list-style-type: none"> <li>Email ("mail to" link) +</li> <li>Web Form to Email –</li> <li>Web Form to Phone –</li> <li>Web Form to Database –</li> </ul>	<ul style="list-style-type: none"> <li>Email ("mail to" link) +</li> <li>Web Form to Email –</li> </ul>

## Lead Routing

Qualification Rates	Close Rates
<ul style="list-style-type: none"> <li>• Skills-based lead routing +</li> <li>• Contacting via fax +</li> <li>• Contacting via chat +</li> <li>• Geographical based lead routing –</li> </ul>	<ul style="list-style-type: none"> <li>• Skills-based lead routing +</li> <li>• Email routing of leads +</li> <li>• Phone routing of leads -</li> </ul>

### WHEN does a lead go cold? How does efficiency in contacting impact qualify and close rates?

Companies intuitively understand that speed is likely to improve qualification and close rates. Moreover, they understand that greater efficiency in responding to web-generated leads allows them to contact more leads with less effort. A portion of the study sought to find evidence for these effects.

The effect of time and efficiency on both qualification and response rates was striking.

- 1- The speed of first attempt (time to first dial) to a newly generated web lead correlated with a significant increase in the number of qualified leads. For each tier of **delayed response** in the survey question (for instance, responding in 30 minutes rather than 10 minutes) the percent of leads qualified dropped **4.3%** and close rates fell nearly **2%**. (See the different tiers in the survey question in 'the TIME it takes to make first contact' question in the Appendix.)
- 2- Similarly, an increase in the number of **unproductive call attempts** (4 attempts rather than 3 attempts) correlated with a decreased lead qualification rate and close rate. For every additional call attempt that did not lead to a contact, the lead qualification rate dropped **5%** and the close rate dropped nearly **1.5%**. (See '# of attempts to CONTACT' question in the Appendix.)
- 3- In addition, there is a **multiplicative negative effect** when combining slow speed and unproductive call attempts. Companies with poor performance on both dimensions experience accelerated negative performance at a rate of an additional **1% point decrease** for each level. An improvement of just one level on each dimension would increase qualification rates by about **11%** and close rates by about **5%**.
- 4- Delay and inefficiency in contact time (as opposed to time to first attempt) had an even more pronounced effect. A delay in contact time reduced the qualification rate by **4.7%** and inefficiency in dials (dials to contact) reduced the lead qualification rate by **4.41%** but companies that do both badly experienced an additional **4.35%** penalty. All together this is about a **13%** lower qualification rate for each category of movement. If a company is able to cut the number of attempts to contact from **3 to 1** and the time from **30 minutes to 10 minutes** they would realize a dramatic **26%** improvement in lead qualification.
- 5- Finally, a similar analysis for close rates demonstrated a **3.5%** decrease per level for each time delay and a **2.3%** decrease per level for each additional attempted contact to qualify a lead. In this case, the data also revealed a compound negative effect of **3.3%** for those who do both poorly. A company that can decrease the amount of time and the number of attempts one level will experience a **9.09%** increase in close rates. Firms that move two categories get an **18%** increase.

## Process Antecedents

In addition to the **when** question addressed above, The Kellogg Lead Response Management survey also sought to answer **how** companies generate, respond and route leads. In doing so, the study identifies which methods of demand generation marketing are more effective and which are less effective in both qualifying and closing leads. In particular, the survey linked each process ( 1) demand generation, 2) offer type, 3) techniques to capture the lead and 4) lead distribution strategies) to the qualification rates and close rates from the same respondent.

## Demand Generation

The first area of analysis is that of demand generation. This section examined the stages involved in generating a web based lead, and what techniques correlate with an increase or decrease in lead qualification and close rates.

The following table represents the Kellogg Lead Response Management Survey questions related to generating demand and processing leads. Respondents described how often they used the methods or criteria described in the specific questions by using the seven Response Tiers in the right box.

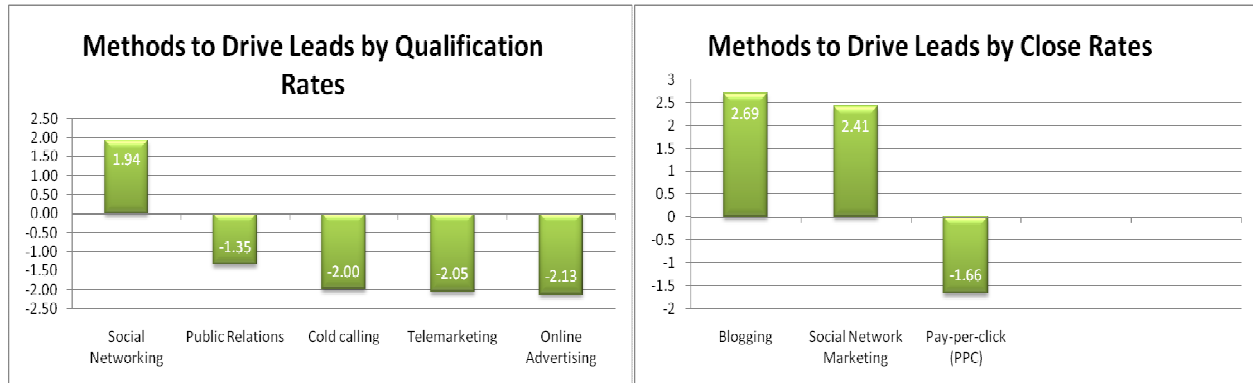
Kellogg LRM Demand Generation and Lead Processing Questions	
Questions	Response Tiers
1. To what extent do you use the following methods to <b>DRIVE</b> visitors to your company's website?	1. Never 2. Almost Never 3. Occasionally 4. Frequently 5. Very Frequently 6. Almost Always 7. Always
2. To what extent does your company use the following <b>OFFERS</b> on its website to incentivise a lead to fill out a web form?	
3. To what extent does your company use the following methods to <b>CAPTURE</b> lead information from its website?	
4. To what extent does your company use the following criteria to <b>DISTRIBUTE</b> leads?	
5. To what extent does your company use the following criteria to <b>ROUTE</b> leads?	
6. To what extent does your company use the following methods to <b>CONTACT</b> leads received from its website?	

NOTE: Each question will be represented by the letter bolded throughout this summary.

On a technical note, Dr. Oldroyd regressed each demand generation process on the company's qualification rates and close rates using OLS regression with robust standard errors. A cut off of 95% confidence was used for most analysis; however, some relationships with a lesser confidence interval are also reported (and noted with an '\*'). A listing of all potential responses is indicated in the order in which they appear in this paper in the Appendix for context.

## 1. Demand Generation: What methods do companies use to drive visitors to their web site, and the effects on their lead qualification and close rates?

Question asked to respondents: *"To what extent do you use the following methods to **DRIVE** visitors to your company's website?"*

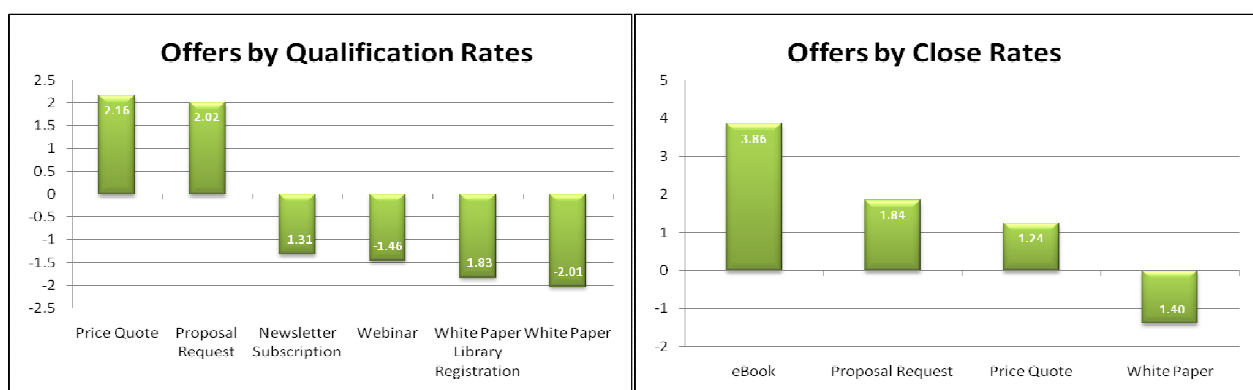


Effects on lead qualification rates: 'Social Networking' had a positive effect on qualification rates, while 'Public Relations', 'Cold Calling', 'Telemarketing', and 'Online Advertising' had a negative effect.

Effects on close rates: 'Blogging' and 'Social Networking' correlated with positive effects on close rates, while companies using 'Pay-per-click (PPC)' to drive leads correlated with a negative effect on close rates.

## 2. Web Site Offers: What methods do companies use to incentivise visitors on their web site to fill out a web form, and what are the effects of those offers on their lead qualification and close rates.

Question asked to respondents: *"To what extent does your company use the following **OFFERS** on its website to incentivise a lead to fill out a web form?"*

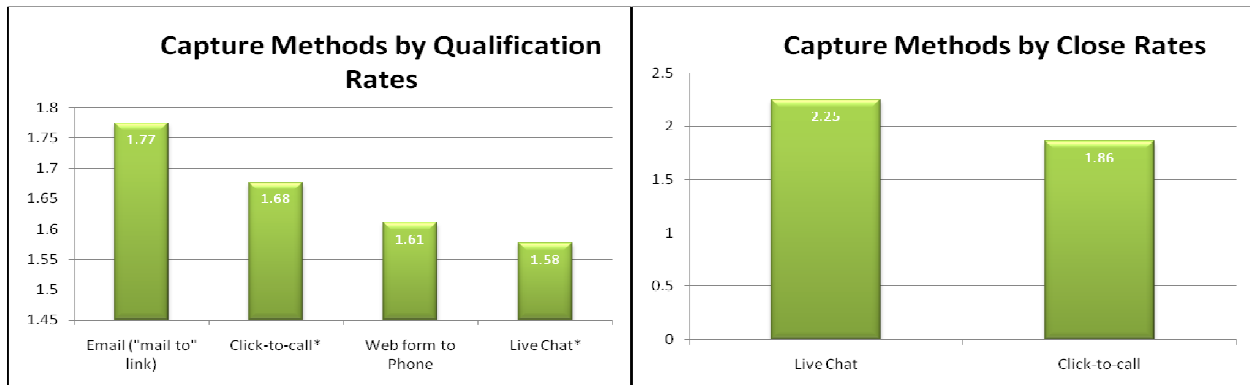


Effects on lead qualification rates: 'Price Quotes' and 'Proposal Request' have a strong positive relationship with increased qualification rates, while 'Newsletter Subscriptions', 'Webinars', 'White Paper Libraries', and 'White Paper Offers' decreased qualification rates.

Effects on close rates: Offering an 'eBook', 'Proposal Request', and 'Price Quotes' have a strong positive relationship with increased close rates, while offering 'White Paper Offers' decreased close rates.

- 3. Capturing Leads from Web Forms:** What methods do companies use to capture leads after they have filled out a web form, and what are the effects of the different capture methods on lead qualification and close rates.

Question asked to respondents: *"To what extent does your company use the following methods to **CAPTURE** lead information from its website?"*



\*Click-to-call' and 'LiveChat' were notable but not quite statistically significant as correlating positively with higher qualification.

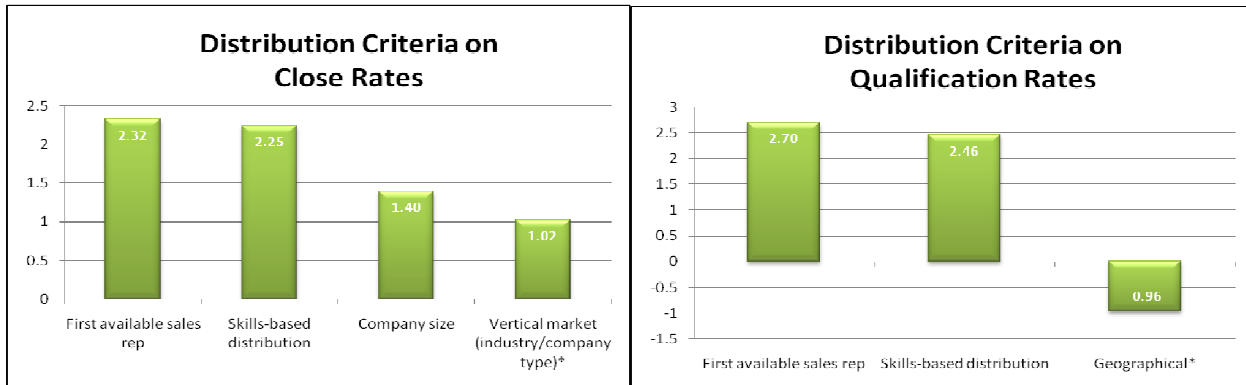
Effects on lead qualification rates: Capturing lead information by 'Email ("mail to" link)' and 'Web form to Phone' were statistically significantly correlated with a positive increase in qualification rates.

Effects on close rates: 'LiveChat' and 'Click-to-call' as a means to Capture leads both increased close rates. None of the other methods of capturing lead had a statistically significant effect on close rates. Capturing leads by 'Local Phone', 'Toll Free Phone', 'Web Form to Email' or 'Web Form to Database' had no relationship to qualification rates or close rates.

- 4. Distributing Leads:** What methods do companies use to assign the correct leads to the correct sales and lead qualification representative, and what are the effects of the different distribution methods on lead qualification and close rates.

Question asked to respondents: *"To what extent does your company use the following criteria to **DISTRIBUTE** leads?"*



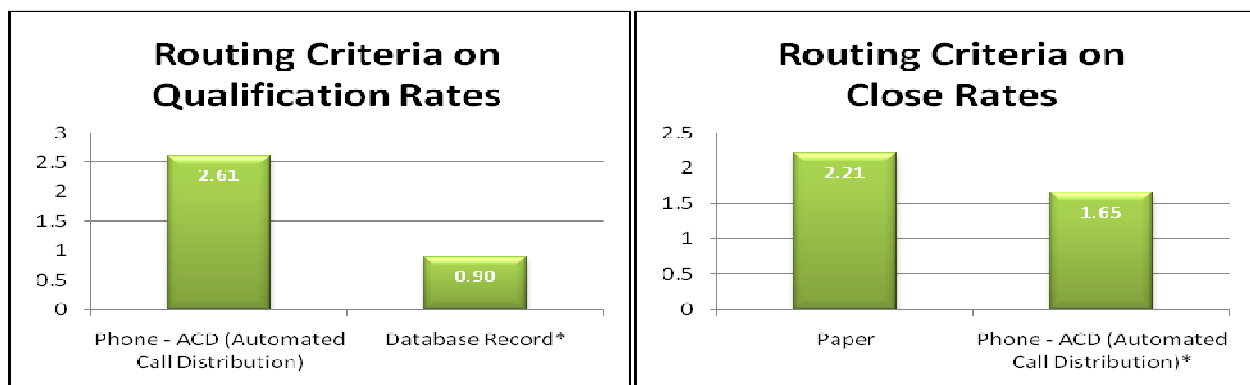


**Effects on lead qualification rates:** The criteria which leads are distributed are the ways decisions are made as to who gets the leads. Distributing leads to the 'First available sales rep' and by 'Skills-based distribution' have a statistically significant relationship to higher qualification rates. Distributing leads by geography or sales territories has a notable decrease in qualifications rates but was just beyond the margin of error for validity. Distributing by 'Discretion of sales manager' and 'Round robin (evenly)' was an insignificant relationship either way.

**Effects on close rates:** Distributing leads to the 'First available sales rep', by 'Skills-based distribution', or by 'Company size' all were significant predictors to increased close rates. Distribution by 'Vertical market (industry/company type)' was marginally linked to increased close rate but was not significant. Distributing by geography, fairly, or at the discretion of the sales manager had no correlation.

- 5. Routing Leads:** What physical methods do companies use to deliver leads to sales and lead qualification representative, and what are the effects of the different deliver methods on lead qualification and close rates.

Question asked to respondents: "To what extent does your company use the following criteria to **ROUTE** leads?"

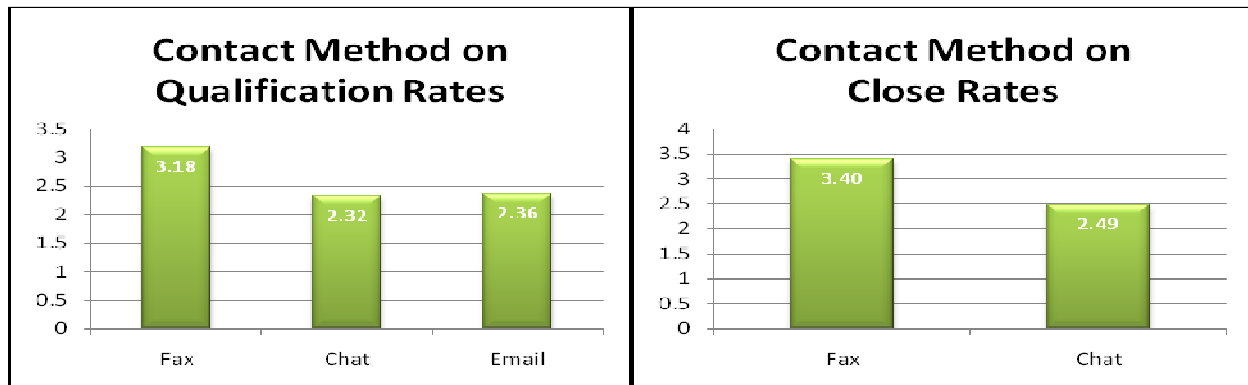


**Effects on lead qualification rates:** Routing leads by 'Phone (ACD)' correlated to higher qualification rates, and directly into a 'Database Record' was marginally significant to higher lead qualification rates.

Effects on close rates: 'Paper' routing of leads correlated to higher close rates, and routing by 'Phone (ACD)' stood out but wasn't significant\*. Routing by 'Email' and 'Phone' had no effect on close rates.

- 6. Contacting Leads:** What methods do companies use to contact web leads after they are delivered, and what are the effects of those contact methods on lead qualification and close rates?

Question asked to respondents: *"To what extent does your company use the following methods to **CONTACT** leads received from its website?"*



Effects on lead qualification rates: Several methods used to contact leads like fax, chat, and email all increased qualification rates. Contact by phone and direct mail had no correlation.

Effects on close rates: Fax and chat increase close rates. Phone and direct mail had no meaningful relationship to close rates.

## B - Lead Response Timing and Efficiency

The next area of analysis is that of lead response timing and efficiency. Once again, Dr. Oldroyd regressed responses from these questions on the qualification rates and close rates. This is the examination of when and how frequently a sales or lead qualification representative should attempt to call a lead they gave their information in a web form.

One area that is different and interesting here is Dr. Oldroyd also compares those that responded to those that did not respond to the questions in this section. He calls those that did not respond the 'Don't Knows', and he uncovers some additional relationships that are statistically significant in their correlation to qualification and /or close rates.

The following table represents the Kellogg Lead Response Management Survey questions related to lead response timing and efficiency. Respondents ranked how often they used the methods or criteria in answering the specific questions by the response tiers in the right box.

## Kellogg LRM Response Timing and Efficiency Questions

Questions	Response Tiers
1. To what extent are the following <b>time blocks</b> effective for contacting leads (i.e. speaking on the phone with the correct person)?	7am – 10pm (1 hour time blocks)
2. To what extent are the following <b>days of the week</b> effective for contacting leads (i.e. speaking on the phone with the correct person)?	Monday – Sunday (1 day time blocks)
3. On average, how much <b>TIME</b> does it take before a first call is attempted?	0-5 minutes
4. On average, how much <b>TIME</b> does it take before reps in your company make their first contact (i.e. speaking on the phone with the correct person)?	5-10 minutes 10-30 minutes 30-60 minutes 1 hour - 8 hours 8 hours - 24 hours 24 hours - 48 hours 48 hours - 72 hours 72 hours - 1 week 1 week+ Don't Know Don't Measure
5. On average in your company, how many <b>ATTEMPTS</b> does it take before a rep makes first contact (i.e. speaking on the phone with the correct person)?	1 2 3 4
6. In your company, what is the average number of <b>phone conversations</b> needed to qualify a lead? (Qualified = a lead that enters the sales process.)	5 6 7 8 9 10+ Don't Know Don't Measure
7. In general, how many call <b>ATTEMPTS</b> does your company suggest sales reps make before they <b>ABANDON</b> a lead?	1-3 4-5 5-7 7-10 10-20 20-30 30-50 50+ Don't Know Don't Measure

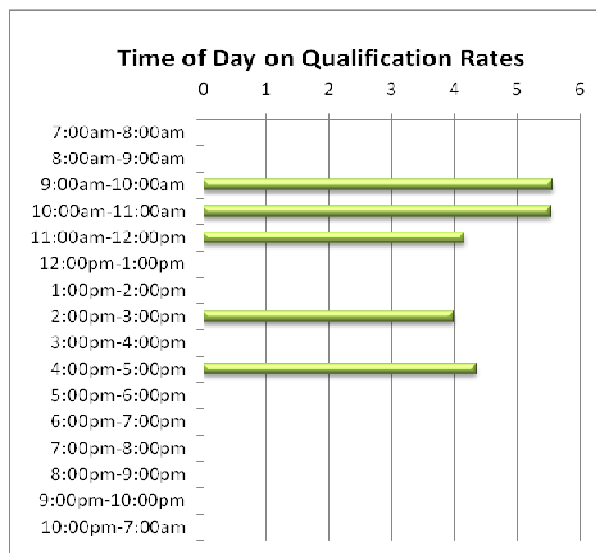
1. **Time of Day to Contact Leads:** This question examines what times of the day companies call their web leads, and what the effects of calling at different times of the day has on lead qualification and close rates.

Question asked to respondents: *“To what extent are the following **time blocks** effective for contacting leads (i.e. speaking on the phone with the correct person)?”*

This analysis looks at the answers of all respondents to understand when they think different the time blocks of the day are best for contacting leads. It then regressed these responses on qualification rates and close rates as reported by the same respondents.

Effects on lead qualification rates: The following relationships were found for the time blocks listed below:

- **9:00am-10:00am** – Calling at this time block increased qualification rates **5.56%**.
- **10:00am-11:00am** – Calling at this time block increased qualification rates **5.43%** over other times.
- **11:00am-12:00pm** – Calling at this time block increased qualification rates **4.16%**.
- **2:00pm-3:00pm** – Calling at this time block increased qualification rates **3.99%**.
- **3:00pm-4:00pm** – Calling at this time block increased qualification rates **3.24%**.
- **4:00pm-5:00pm** – Calling at this time block increased qualification rates **4.34%**.



As demonstrated in the chart, there are two time periods that marketers and sales people feel is more effective to call in order to improve qualification rates. They are mid to late morning and the afternoon.

NOTE: Compare the survey data to the more significant MIT study later in this paper on the same topic.

Effects on close rates: There was no significant relationship found between time of day and close rates.

2. **Day of Week to Contact Leads:** This question examines what days of the week companies call their web leads, and what the effect of calling on different days of the week has on lead qualification and close rates.

Question asked to respondents: *“To what extent are the following **time blocks** effective for contacting leads (i.e. speaking on the phone with the correct person)?”*

There was no statistically significant data from day of week with qualification rates or sales rates. This does not mean that there is not a best day of the week to make call in order to qualify and close lead. Rather, it implies that people **DO NOT KNOW** what day is best to call web leads and or there is significant heterogeneity in their responses as such were not able to indicate and pattern in their answers.

- 3. Speed to First Call Attempt:** This question examines when sales and lead qualification representatives first attempt to call a web lead after it has been created, and what the effect the timing of the first call attempt has on lead qualification and close rates.

Question asked to respondents: *“On average, how much **TIME** does it take before a first call is attempted?”*

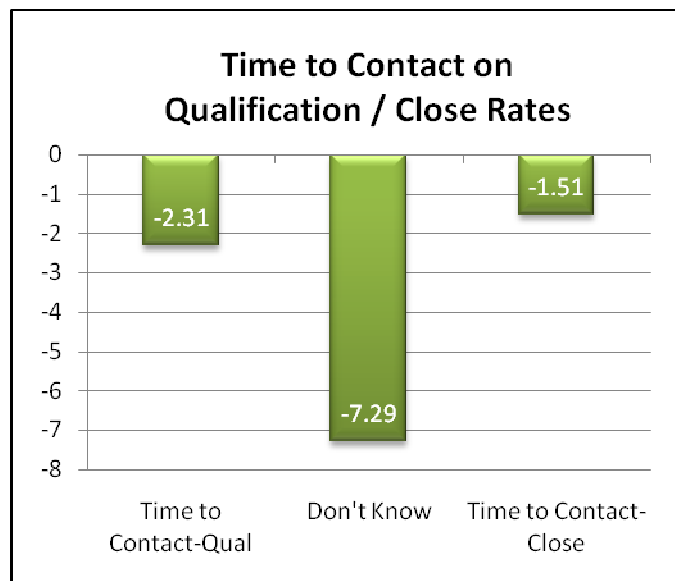
Effects on lead qualification rates: The first bar on the chart shows a decrease of **-4.13%** in qualification rates for every tier of time taken to first contact. See Appendix for response tiers.

Effects on close rates: The second bar on the chart shows a decrease of **-2 %** in Close Rates for every additional tier of time to first contact.

- 4. Speed to First Contact:** This question examines when sales and lead qualification representatives first contact a web lead after it has been created, and what the effect the timing of the contact has on lead qualification and close rates.

Question asked to respondents: *“On average, how much **TIME** does it take before reps in your company make their first contact (i.e. speaking on the phone with the correct person)?”*

Effects on lead qualification rates: The first bar on the chart shows a decrease of **-2.31%** in qualification rates for every tier of time taken to first contact. The lighter green section of the first bar shows the ‘Don’t Knows’ who correlate to a significantly higher **-7.29%** decrease in qualification rates. This means that sales and lead qualification organizations that don’t track when they first contact their new web-generated leads have a significantly larger decrease in their lead qualification rates for every delayed tier in the question.



Effects on close rates: The second bar on the chart shows a decrease of **-1.51%** in close rates for every additional tier of time to first contact. There was not a significant effect on close rates for the 'Don't Knows'.

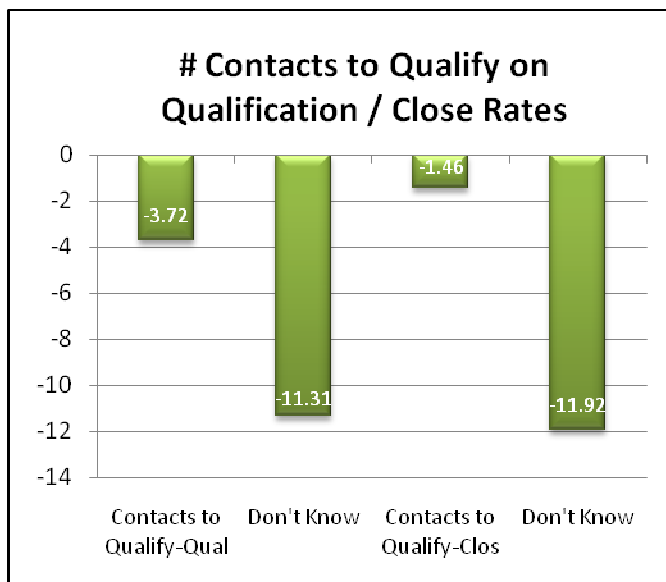
- 5. Call Attempts to First Contact:** This question examines how many call attempts companies make in order to contact their web leads, and what the effect of each of these call attempts has on lead qualification and close rates.

Question asked to respondents: *"On average in your company, how many **ATTEMPTS** does it take before a rep make first contact (i.e. speaking on the phone with the correct person)?"*

Effects on lead qualification rates: The analysis demonstrates a decrease of **-5.05%** in qualification rates for every additional call attempt companies make in order to first contact their web leads.

Effects on close rates: The analysis demonstrates a decrease of **-2%** in close rates for each additional call attempt in the process of first contacting a web lead.

- 6. Contacts to Qualification:** This question examines how many contacts companies make in order to qualify their web leads, and what the effect of each of these contacts has on lead qualification and close rates.



Question asked to respondents: *"In your company, what is the average number of phone conversations (**CONTACTS**) needed to **QUALIFY** a lead? (Qualified = a lead that enters the sales process.)"*

Effects on lead qualification rates: The analysis demonstrates a decrease of **-3.72%** in qualification rates for every additional contact companies make to qualify a lead. The next bar shows the effect of not knowing or measuring the number **-11.31%** decrease in qualification rates.

Effects on close rates: The analysis demonstrates a decrease of **-1.46%** in close rates for every additional contact companies make to qualify a lead. The lighter green section of the second bar shows the 'Don't Knows' high have a significantly higher decrease of **-11.92%** in close rates.

- 7. Call Attempts before Abandon:** This question examines how many call attempts companies make before they give up attempting to call on their web leads, and what the effect of this point of abandonment has on lead qualification and close rates.

Question asked to respondents: *“In general, how many call **ATTEMPTS** does your company suggest sales reps make before they **ABANDON** a lead?”*

This section of the survey analysis is particularly interesting. Respondents were asked how many call attempts they suggest that a sales rep make before they give up trying to contact a lead. This is not asking how many are actually made.

**60.4%** of respondents that knew or measured this say they recommend a sales rep quit calling at **4-5** attempts or less.

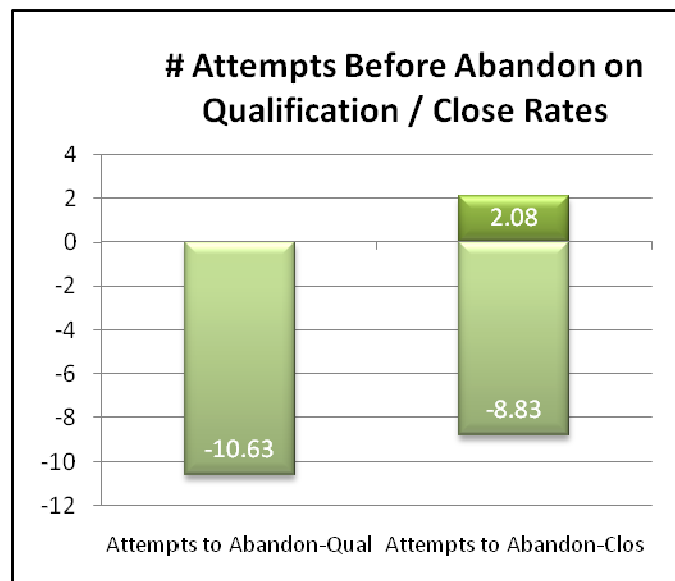
Effects on lead qualification rates: The analysis demonstrates that there is no relationship observed between increasing the additional ‘# of Attempts tiers Before Abandoning’ and qualification rates. But the lighter green section of the first bar shows the ‘Don’t Knows’ correlate to a **-10.63%** decrease in qualification rates.

This suggests that not knowing or measuring when a sales rep should abandon correlates with lesser qualification rates.

Effects on close rates: The analysis demonstrates an **increase of 2.08%** in close rates for additional ‘# of Attempts’ tiers that are recommended before a sales rep abandons the process.

The lighter green section of the second bar shows that the ‘Don’t Knows’ result in a decrease of **-8.83%** in close rates.

This says that organizations who advocate high numbers of attempts to make contact with leads before they give up correlate with higher reported percentages of close rates.



## C – Company Size, Structure and Other General Results

The next area of analysis is observing trends related to company's revenue, employee count and other general results. Once again, Dr. Oldroyd regressed these responses on the qualification rates and close rates.

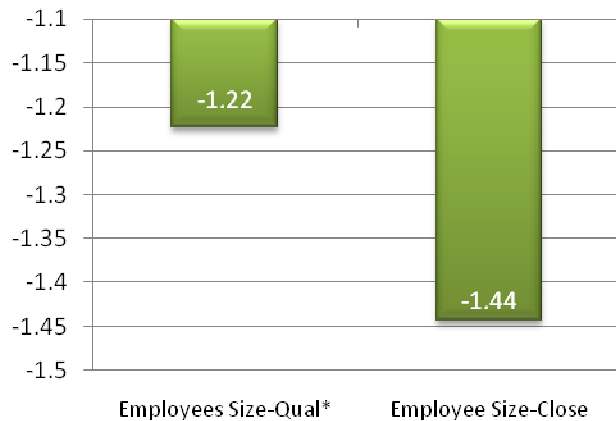
1. **Employee Headcount:** This question examines the effect that the employee headcount has on lead qualification and close rates.

The approximate headcount of employees in your company was correlated against qualification rates and close rates. The response tiers were:

### Employee Size Response Tiers

1 - 25  
26 - 50  
51 - 100  
101 - 250  
251 - 500  
501 - 1000  
1001 - 2500

### Employee Size on Qualification / Close Rates



Effects on lead qualification rates: Analysis shows 'Employee Size' with the reported effect on qualification rates and close

rates. The relationship between employee size and qualification rates was just outside of the criteria for validity, but it was close enough that we have mentioned it. It says that for every tier of increased employee size, there is a loose relationship between lower qualification rates that decreases at a rate of **-1.22%**.

Effects on close rates: The correlation between Employee Size and close rates is statistically significant and decreases at a rate of **-1.44%** for each tier of larger Employee Size. Or in other words, this suggests close rates go down in larger companies.

2. **Sales or Lead Rep Headcount:** This question examines the effect that the number of sales and lead generation representatives has on lead qualification and close rates. The table to the right includes the Response Tiers.

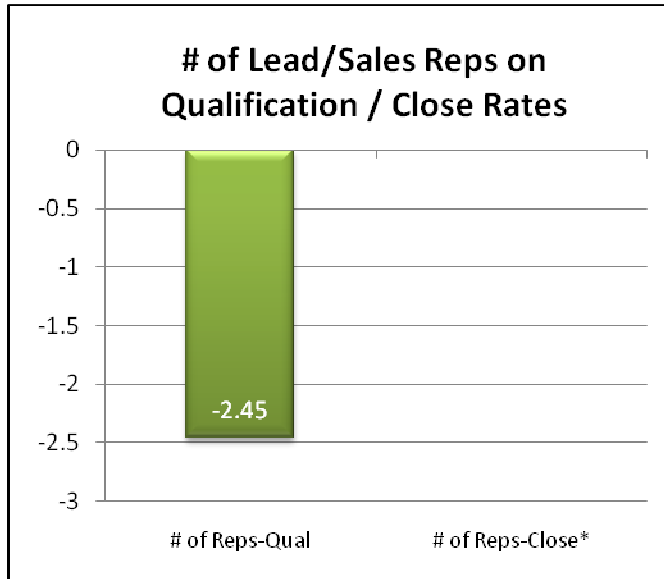
### # of Lead/Sales Reps Response Tiers

1-9  
10-24  
25-49  
50-99  
100-249  
250-499  
500-999  
1,000+



The approximate number of lead generation or sales reps in companies was correlated against qualification rates and close rates. The response tiers were:

Effects on lead qualification rates: Analysis shows that there was a significant relationship on qualification rates of



**-2.45%** as higher tiered numbers of Lead Reps or Sales Reps were reported.

Effects on close rates: There was no observed effect on increasing # of Reps and close rates.

**3. Bottlenecks in the Lead Generation Process:** This question examines where companies have bottlenecks in their lead generation process, and what the effect of these bottlenecks has on lead qualification and close rates.

Question asked to respondents: *"To what extent do you agree with the following statements?"*

- 1- *In my company, we lose potential customers because we do not have the TIME to contact them.*
- 2- *If we had MORE LEADS, our sales department would have ample time to contact them.*
- 3- *In my company, we lose potential customers because we are not able to CONTACT THEM QUICKLY enough after an initial inquiry is made. "*

Effects on lead qualification and close rates: Dr. Oldroyd regressed responses on all three of these questions to qualification rates and close rates and only found statistically significant relationship, that was question #3.

There was a negative effect of **-2.68%** for each tier from 'Never' to 'Always' on close rates when a company says they lose customers because they are not able to **CONTACT THE QUICKLY ENOUGH**.

There was no relationship in either direction when respondents said they didn't have enough time or enough leads.

- 4. Generalist vs. Specialists:** This question examines if companies use a specialists or generalist approach in following up on web-generated leads, and what the effect of these two different methods have on lead qualification and close rates.

Question asked to respondents: *“On average, is your company’s sales process a **generalist process** (i.e. one rep handles the entire sales process), or a **specialist process** (i.e. one rep hands off to another rep for different aspects of the process)?”*

There were **67.4%** of the respondents that reported their sales reps are **generalists**, while **32.6%** are specialists. **Specialists** work in an environment where there is at least one hand-off in the sales process. An example would be a company where a lead is qualified by a representative that qualifies and sets an appointment on behalf of a rep who closes the sale.

Dr. Oldroyd uncovered a **7.9% higher reported close rate** of Specialists over Generalists. Companies that focus the inside sales process have better outcomes then firms that take a generalist approach.

- 5. Company Revenue:** This question examines the relationship between annual revenue on lead qualification and close rates.

Question asked to respondents: *“What was your company’s annual revenue for 2006?”*

**2006 Revenue  
Option Tiers**

Under \$10 million  
\$10 million to \$25  
\$25 million - \$50  
\$50 million - \$100  
\$100 million - \$250  
\$250 million - \$500  
\$500 million - \$1  
\$1 billion+

Effects on lead qualification and close rates When examining how qualification rates and closes rates are effected by revenue, there was no relationship with qualification rates, but close rates decreased at a rate of **-1.55%** with each increasing tier.

This finding seems to be similar to Employee Sizes and # of Reps. Close rates seem to decrease as size increased.

**KELLOGG LEAD RESPONSE MANAGEMENT SURVEY CONCLUSION**

The Kellogg Lead Response Management Survey introduces many new answers to the field of lead response management.

However, in studying the responses, we couldn't find ANY statistically significant answers to our question of **WHEN** (besides generally faster and more efficiently) we should respond to web leads by asking the marketing departments of companies.

Here are a few additional questions we asked that further exemplifies this point:

When asked "how much time does it take to make a first call attempt" we had the following responses:

1- Less than one hour	20%
2- 1 hour to 8 hours	16%
3- After 8 hours (next business day or beyond)	26%
4- Don't Know, Don't Measure or Didn't Respond	<b>38%</b>

When asked "how many attempts does it take before a rep makes first contact" we had the following:

1- One	4%
2- Two	22%
3- Three	21%
4- Four or more	12%
5- Don't Know, Don't Measure or Didn't Respond	<b>40%</b>

We asked "how many call attempts do you suggest sales reps make before they abandon a lead?"

1- One to Three	14%
2- Four to Five	21%
3- Five to Seven	12%
4- More than Seven	11%
5- Don't Know, Don't Measure or Didn't Respond	<b>42%</b>

Please note that 107 companies chose not to respond at all to these three questions.

The survey clearly reveals that marketers and sales representatives DO NOT KNOW when and how efficiently to follow up on web-generated leads. Since this was the reason for the survey, Professor Oldroyd recommended a more detailed behavioural analysis on actual call data. To perform this kind of study, we needed data that would allow us to analyze the effects on contact and qualification ratios based on the time from when leads are created, to attempted, to contacted, to qualified.

Believing that companies don't know, we acted on his recommendation to answer the original question:

"How Much Time Do You Have Before Web-Generated Leads Go Cold?"

## PART 2 – THE INSIDESALES.COM/MIT LEAD RESPONSE MANAGEMENT STUDY

Similar to the Kellogg Lead Response Management Survey, but with far more precise data, this study set out to fill the knowledge gap that exists between marketing and sales, where companies are using intuition and experience to manage lead response timing rather than science.

To begin the study, we engaged with Professor Oldroyd again, who was now a Faculty Fellow at MIT. The study was designed to identify what day of week, time of day and time from creation to call back a web-generated lead for optimal contact and qualification rates. This study did not address close ratios.

We used the data from the InsideSales.com system (critical to this purpose because it generates and stores quantitative call data linked directly with qualitative lead process and flow information).

We examined 3 years of data across six companies that generate and response to web leads, from over fifteen thousand leads and over one hundred thousand call attempts.

We focused on one question for this study:

*When should companies call web-generated leads for optimal contact and qualification ratios?*

To standardize the meaning of the results, we used the following definitions and terms:

Study Terms and Definitions	
Four Data Points in the Lead Life Cycle	Data Definitions
<b>Lead Created Time</b> – the date and time that a web-form was filled out and submitted by a lead.	<b>Call/Dial</b> – A call or dial is the physical action of a sales or lead generation calling a lead.
<b>First Dial Attempt Time</b> – the first date and time that a sales or lead qualification representative attempts to call or dial a web lead.	<b>Contact</b> – For the purposes of this study, a contact is defined as a call that connects with a live person and lasts a defined number of seconds <sup>(1)</sup> .
<b>First Contact Time</b> – The first date and time that a sales or lead qualification representative makes a successful contact.	<b>Qualify</b> – a qualification is a stage in the lead nurturing process where that lead is willing to enter the sales process – in some cases this means that a lead sets an appointment with a sales representative to begin the sales process <sup>(2)</sup> .
<b>Lead Qualification Time</b> – The date and time that a lead becomes qualified.	

(1) For the purposes of this study, this time was different for each company's data ranging from 2 minutes to 6 minutes, but corresponding to the defined length of a contact with the lead respondent.

(2) Each company involved in the study had their own way to indicate a qualified lead. The analysis of the data took this into account.

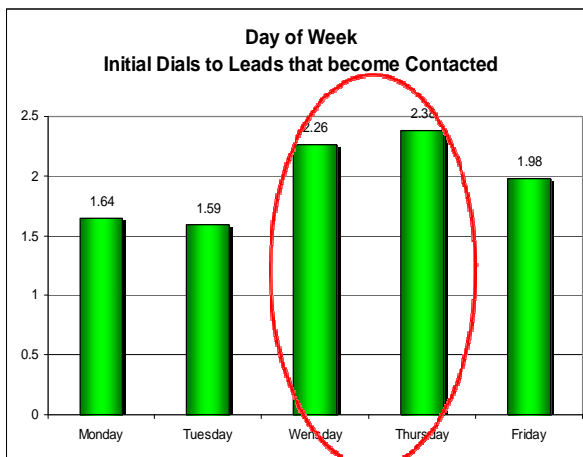
**INSIDESALES.COM/MIT STUDY SUMMARY**

The behavioural study revealed when sales representatives had success around calling web-generated leads. To find these facts, we looked at leads that were captured through a web form, and attempted or called at least one time. Summarized below are some of the more interesting findings related to speed and timing when responding to web-generated leads:

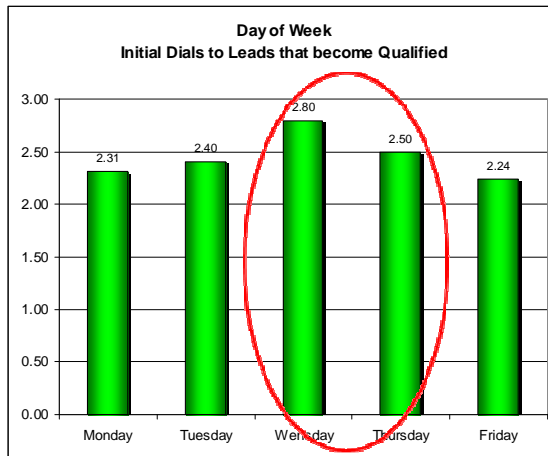
- 1- **Wednesdays** and **Thursdays** are the best days to **call** in order to contact (by **49.7%** over the worst day) and qualify (by **24.9%** over the worst day) leads. **Thursday** is the best day to contact a lead in order to qualify that lead (by **19.1%** better than the worst day).
- 2- **4 to 6pm** is the best time to call to make **contact** with a lead (by **114%** over the worst time block). **8-9am** and **4-5pm** are the best times to call to **qualify** a lead (by **164%** better 1-2pm, the worst time of the day). **4-5pm** is the best time to contact a lead to **qualify** over 11-12am by **109%**).
- 3- The odds of calling to contact a lead decrease by over **10 times** in the 1st hour. The odds of calling to **qualify** a lead decrease by over **6 times** in the 1st hour. After **20 hours** every additional dial your salespeople make actually hurts your ability to make contact to qualify a lead.
- 4- The odds of contacting a lead if called in **5 minutes** versus **30 minutes** drop **100 times**. The odds of qualifying a lead if called in **5 minutes** versus **30 minutes** drop **21 times**.

**INSIDESALES.COM/MIT STUDY DETAILS**

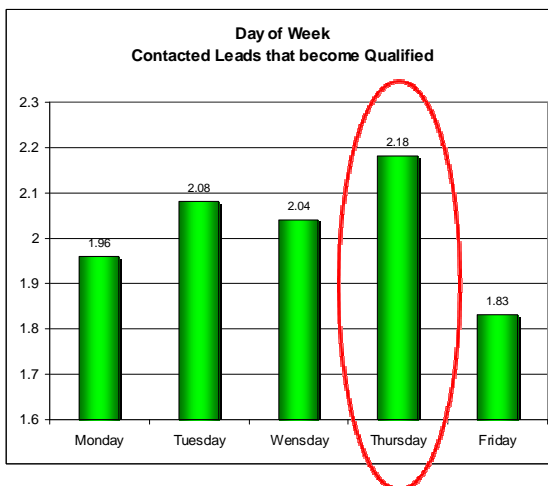
- 1- **DAY OF WEEK:** Our first question was to see if there is a best day of the week to call to get the best contact and qualification ratios.
- 1- **Wednesdays** and **Thursdays** are the best days to call to make **contact** with a lead. In fact, **Thursday is a 49.7% better day** to call than the worst day, Tuesday.



- 2- **Wednesdays** and **Thursdays** are also the best days to call to **qualify** leads. **Wednesday** was the top day and was **24.9% better** than the worst day, which was Friday.



- 3- **Thursday** is the best day to contact a lead in order to **qualify** that lead. It is **19.1% better** than Friday, which is the worst day.



Does this mean that people don't make commitments (qualify) just before leaving for a weekend?

Perhaps.

Note that Monday was consistently poor for every category.

But notice that Friday wasn't bad to make contact, just poor in qualifying.

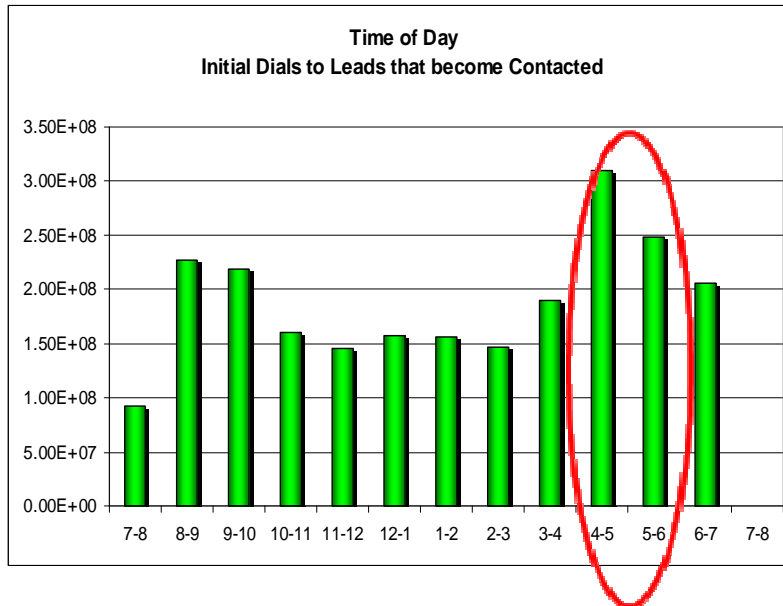
Notice the effect of time of day ranged from a low of **19.1%** to a high of **49.7%**, these are significant numbers.

How many other strategies show a **50% greater chance of contacting a lead**, merely by contacting on one day versus another?

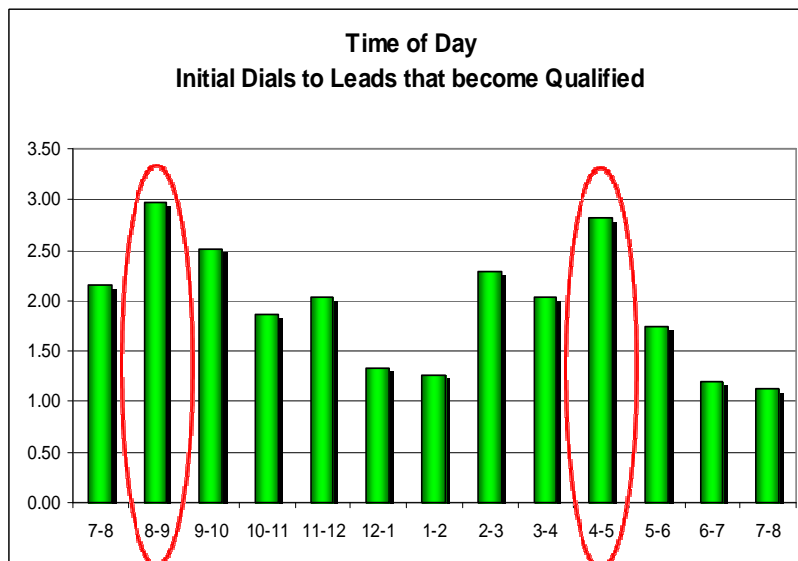
**TIME OF DAY:** Our next question was to see if there is a better time of day to call to get optimal contact and qualification ratios. We used the same definition of terms for call (attempt), contact, and qualify.

Here is what we found:

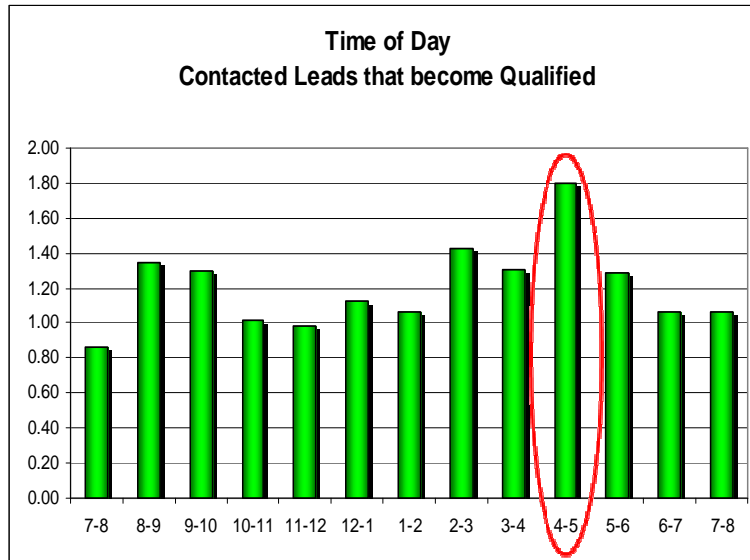
- 1- **4 to 6pm** is the best time to call to make **contact** with a lead. It is **114% better** than calling at 11 to 12am, right before lunch. (We did not feel 7-8am was a standard work hour.)



- 2- **8-9am** and **4-5pm** are the best times to call to **qualify** a lead. 8-9am is **164% better** than calling at 1-2pm, right after lunch. That's a big difference! (After 6pm is not a standard work hour.)



- 3- **4-5 pm** is the best time to contact a lead to **qualify** that lead. 4-5pm is **109% better** than 11-12am. (We consider that 7-8am and after 6pm are not standard work hours.)



Does this mean that maybe people don't want to commit or qualify before going to lunch?

Perhaps.

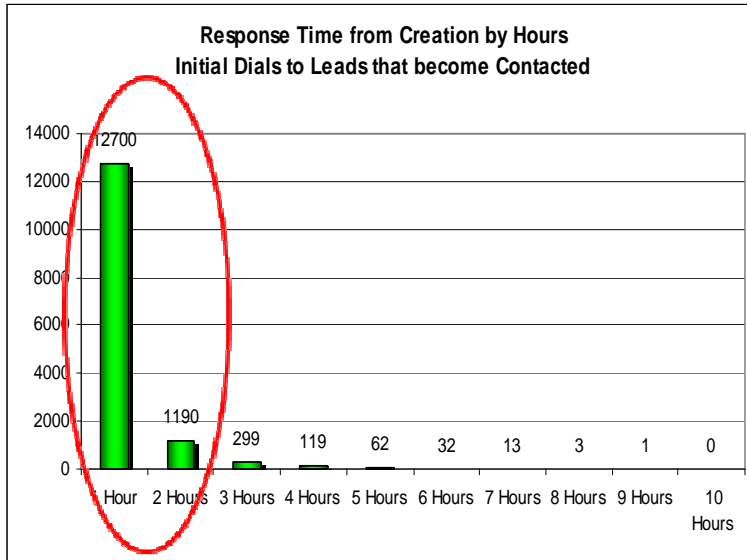
Is it helpful to know that you have a **164% higher chance of qualifying** a lead based on when you call it?



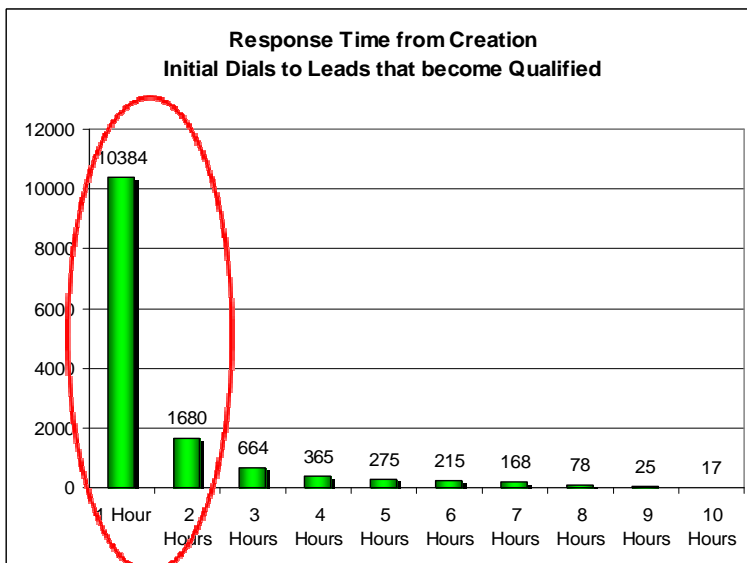
**RESPONSE TIME ANALYSIS BY HOURS:** day of week and time of day were found to be statistically significant variables in contacting and qualifying leads, but the significance of data we analyzed around response time dwarfed them both.

We started our analysis by measuring response times by hours and found an incredible drop in the odds of contacting and qualifying leads if you wait to begin calling for just 1 hour.

- 1- The odds of calling to **contact** a lead decrease by over **10 times** in the first hour.

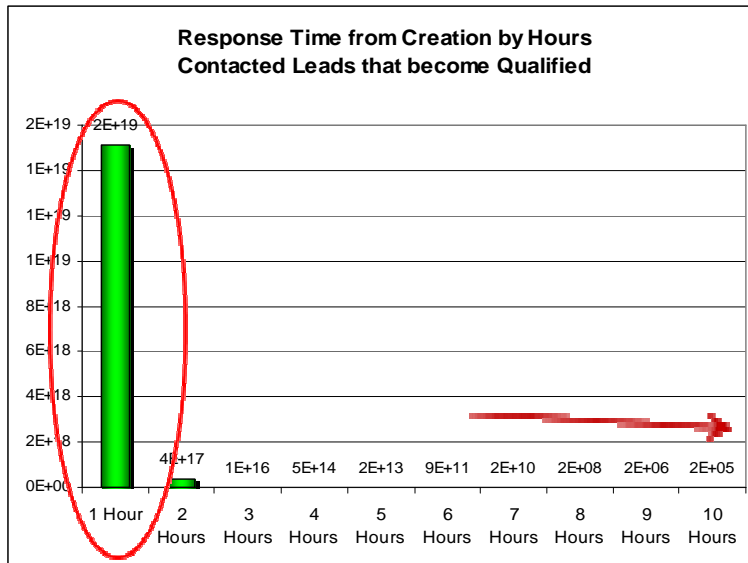


- 2- The odds of calling to **qualify** a lead decreases by over **6 times** in the first hour.



This is very interesting, but more interesting, and something we weren't expecting, was a statistically significant effect Dr. Oldroyd found in the data that shows that:

- After 20 hours every additional dial your salespeople make actually hurts your ability to make contact to **qualify** a lead.



What does that suggest?

Do additional call attempts after 20 hours actually turn people off to the point they actually hurt your chances of doing business? Can you warm them up again with different forms of media other than the phone?

We don't know. But EVERYONE calls leads after 20 hours. Do they know that every additional call actually hurts them? Should your sales reps just stop calling after 20 hours? Ideally, if you had enough leads, and could make enough attempts to make contact in 20 hours, yes.

Is this realistic? It probably is not.

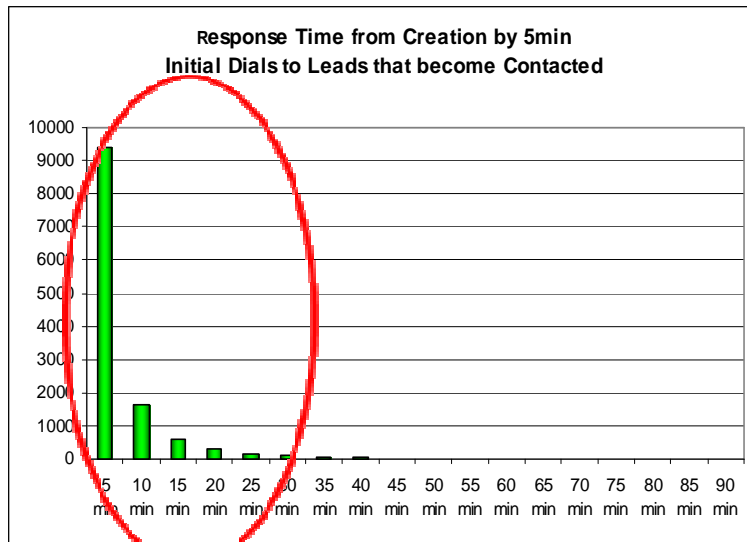
But as a general trend this data is EXTREMELY significant to salespeople.

**RESPONSE TIME ANALYSIS BY 5 MINUTE INCREMENTS:** We figured if the first 20 hours sliced up by hours was important, we should look more precisely at the first 3 hours sliced up by 5 minute segments.

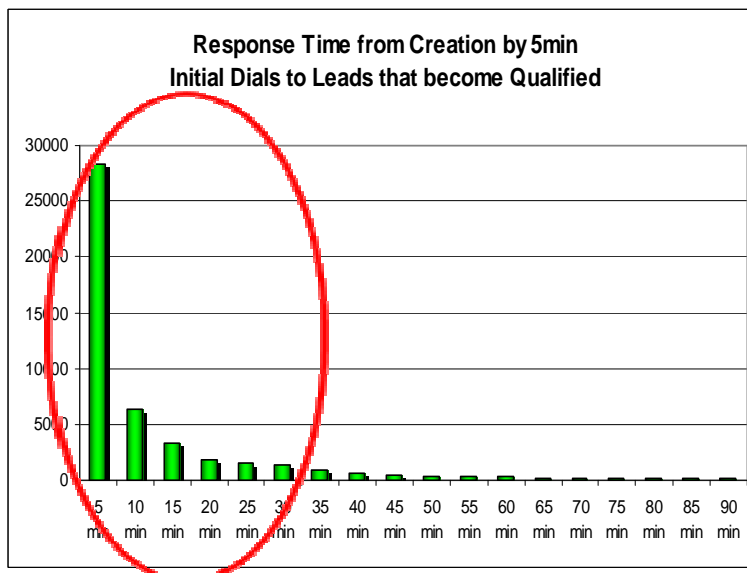
What are the results?

It is even more stunning:

- 1- The odds of contacting a lead in 5 minutes versus 30 minutes drop by **100 times!** In fact, from just 5 minutes to 10 minutes the odds decrease **by 5 times**.



- 2- The odds of qualifying a lead in 5 minutes versus 30 minutes drop **21 times**. And from 5 minutes to 10 minutes the dial to qualify odds decrease **4 times**.



How significant is a **100x** increase in contact ratios on the value of leads?

How much effect does a **21x** increase in qualification have on the overall sales revenue of a company?

How many companies understand the importance of this strategy?

For illustration we decided to test some of these principles first hand. We have a heavy concentration of use of our lead response management solutions by customers from the mortgage and insurance industries so we started calling several of the top lead providers in these two industries and signed up to get quotes on mortgages and insurance.

Lead providers typically sell these leads to varying numbers of lead customers, in these examples we assume the leads were given to anywhere from 4 to 7 customers based on how many called us back.

We recorded what happened.

Our president signed up with the top lead provider to get quotes on his mortgage.

- 1- He received a total of 7 calls.
- 2- The first one called in only 30 minutes.
- 3- The last one called on the lead 3 days later.

Does that last one who called realize that the odds of qualifying this lead are **several thousand times less** than if they had called in five minutes?

Our Sales Manager and several of our sales reps filled out web-based health insurance questionnaires with several of the top lead providers we partner with in the insurance industry:

- 1- Our Sales Manager filled his lead out at 4pm, (the optimal time for someone to reach him according to our data.) He didn't get a single call that day. He got his first of 5 calls at noon the next day (almost the worst time to call), and the last one two days later.
- 2- One rep filled his lead form out with another top lead provider at 8:30am (the second best time for someone to call), and had his first call in 1 minute, his second in 3 minutes, his 3rd in an hour and 45 minutes.
- 3- Another rep also at 8:30am, and he got one call in 2 minutes, and 2 more calls the next day.
- 4- Another rep filled theirs out at 10am and got the first call in 2 hours and never noticed any additional calls.

**FRANKLINCOVEY CASE STUDY**

FranklinCovey is the leading time management and Day Planner company, located in Salt Lake City, Utah.

FranklinCovey has used the InsideSales.com CRM with integrated dialers for years. They wanted to identify the best time to call back a person who abandoned a shopping somewhere in the purchase process.

Working together, we found that the worst time to call back was within the first 24 hours.

People often opted out because they didn't have their credit card handy or they decided against the purchase for some reason. If reps called back too quickly they would often get a negative emotional response. But if they called back immediately after 24 hours, they had very high success ratios in getting the person to purchase.

We found that 3:30 in the afternoon was best to call to make contact to get success, but interestingly enough, as it got later in the afternoon and evening the contact ratios continued to go up but the qualify or success ratios went DOWN. In fact by 5:17pm in the evening the qualify ratio went to 0%, but the qualify ratio was still very high.

Another interesting thing, this data was examined again three months later and the optimal call time to make contact had shifted from 3:30pm to 3:50pm.

Far more important, after analyzing almost two years of data we found that even though they had people working until 6pm, they hadn't qualified ANYONE during that last hour for two years!

Imagine the labor cost spent in two years of their entire call center calling an hour every day without the results they wanted.

What did they do?

They shifted schedules to optimize qualification ratios and have already seen a change in their results. This may cause call centers to realize their shift schedules can actually be optimized for contact, qualification, and sales results, not just call coverage, convenience, or time zone coverage, as is typically the case.

What are the results?

They have noticed increases in productivity and sales because of this slight change in schedule strategy.

**SUMMARY**

The Kellogg Survey revealed the following:

- 1- The ways leads are captured and distributed seem to have a great impact on results. Moreover, the methods used for demand generation, as well as the offer type, all impact lead qualification and close ratios.
- 2- Delayed responses and unproductive call back attempts are correlated to lower lead qualification and close ratios.
- 3- If a company displays both issues they demonstrate a negative synergistic effect that suggests the problem gets worse than if either problem exists on its own.
- 4- Companies who don't know or don't measure these kinds of statistics may correlate with even lower qualification or close rates.
- 5- Larger companies, whether measured by employees, representatives, or revenue, may need to be more aware of these issues than smaller companies.
- 6- Companies who break up their sales process into specialties correspond with higher ratios.
- 7- Companies have no idea what is the best time or timeliness to call leads back.

The MIT Study revealed the following:

- 1- Time of day and day of week each have significant impact, with time of day being the greater of the two.
- 2- Immediacy of response far overshadows both time of day and day of week in its effect on contact and qualification ratios.

Dr. Oldroyd emphasizes that he finds these clear patterns in the data only when data from several companies is combined together. Patterns vary significantly from company to company as emphasized with the FranklinCovey example.

We found huge variance in the kinds of offers on a company website. We learned that a request for a price quote needs to be handled different than a whitepaper. We learned that the kinds of products sold require different approaches.

We don't know how much yet. That is the subject of future studies.

And finally, WHY is response time so important? Though we don't exactly know for sure, we have a few educated guesses:

### **You Know Where They Are**

When a person submits a lead in a web form, you know where they are at that exact moment: they are at their computer desk, probably right near their phone. We call this "presence". If you call them immediately, they answer. If you wait, they move on to something else, often away from their phone.

Salespeople know that simply being able to contact somebody can make the difference between a sale or not. Marketers may not be as aware of this.

### **Highest Interest or Need**

People search the Internet because they want things now. Interest and need wane quickly. A few days later they often don't even remember they submitted a lead. Immediacy of response hits the respondent at their highest point of interest or need.

### **The "Wow" Effect**

Our sales representatives often experience the "wow effect" when our web-form call back technology contacts a person who submitted a lead in less than 3 seconds.

The respondent quite often reacts with, "wow, that was fast! You are impressive." We have been told that they feel that the sales representative must be really on top of things, and that is the kind of person and company they want servicing their account.

We are reminded of the early days of caller id when people answered a call and said the name of the caller. What surprised initially is now commonplace. First impressions continue to have a strong influence on trust and relationships.

## ABOUT INSIDESALES.COM

InsideSales.com is the expert in **Lead Management** and the pioneer of **Lead Response Management** solutions. This study caused a significant shift in our corporate positioning. Our patent-pending **web-form callback** dialer telephony opens new frontiers in web-marketing, lead generation and sales.

Google drives clicks, Omniture drives conversion, and Salesforce.com drives closure.

InsideSales.com integrates with all three market leaders to drive qualification of prospects. We sit between a company website and their CRM, and optimize the handoff of leads from marketing to sales.

We increase **lead qualification** rates to lower company's cost per prospect. Companies typically see a **2-4x increase** in contact ratios and lead qualification rates using the InsideSales.com technology.



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**APPENDIX**

Options used in Kellogg Survey.

Methods used to DRIVE visitors to website:

- 1- Pay-per-lead
- 2- Pay-per-click (PPC)
- 3- Search Engine Optimization (SEO)
- 4- Podcasting
- 5- Blogging
- 6- Vidcasting
- 7- Partner Sites
- 8- Affiliate Sites
- 9- Email
- 10- Direct Mail
- 11- Online Advertising (banner ads, pop-up ads, etc.)
- 12- Outbound Telemarketing
- 13- Individual Sales Rep Prospecting (cold calling)
- 14- Trade Shows/Conferences
- 15- Print/Radio/TV Advertising
- 16- Social Network Marketing
- 17- Public Relations/Publicity

OFFER types used to generate leads:

- 1- Free Trial
- 2- White Paper
- 3- White Paper Library Registration
- 4- Newsletter Subscription
- 5- Proposal Request
- 6- Price Quote
- 7- Webinar
- 8- Teleseminar
- 9- eBook
- 10- Podcast
- 11- Vidcast
- 12- Contact us - Web Form
- 13- Contact us - 800 Number
- 14- Contact us - Click-to-Call

Methods to CAPTURE lead information:

- 1- Email ("mail to" link)
- 2- Local Phone Number
- 3- Toll Free Number
- 4- Click-to-call
- 5- Live Chat
- 6- Web Form to Email
- 7- Web Form to Database
- 8- Web form to Phone

Criteria to DISTRIBUTE leads:

- 1- Discretion of sales manager
- 2- First available sales rep
- 3- Round robin distribution (even distribution)
- 4- Skills-based distribution
- 5- Geographical (sales territories)
- 6- Vertical market (industry/company type)
- 7- Company size

Methods used to CONTACT leads received from website:

- 1- Phone
- 2- Email
- 3- Fax
- 4- Chat
- 5- Direct Mail

On average, how much TIME does it take before reps in your company make their first contact (i.e. speaking on the phone with the correct person)?

1. 0-5 minutes
2. 5-10 minutes
3. 10-30 minutes
4. 30-60 minutes
5. 1 hour - 8 hours
6. 8 hours - 24 hours
7. 24 hours - 48 hours
8. 48 hours - 72 hours
9. 72 hours - 1 week
10. 1 week+
11. Don't Know
12. Don't Measure

On average in your company, how many ATTEMPTS does it take before a rep makes first contact (i.e. speaking on the phone with the correct person)?

1. 1
2. 2
3. 3
4. 4
5. 5
6. 6
7. 7
8. 8
9. 9
10. 10+
11. Don't Know
12. Don't Measure

In general, how many call attempts does your company suggest sales reps make before they ABANDON a lead?

- 1-** 1-3
- 2-** 4-5
- 3-** 5-7
- 4-** 7-10
- 5-** 10-20
- 6-** 20-30
- 7-** 30-50
- 8-** 50+
- 9-** Don't Know
- 10-** Don't Measure

To request that your company participate in the next InsideSales.com study in association with Professor Oldroyd of MIT that will analyze response times by offer type and response media register at:

[http://www.insidesales.com/response\\_media\\_study.php](http://www.insidesales.com/response_media_study.php)