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

This paper summarizes results from a survey by Kellogg School of Management at Northwestern University, and a study by Dr. James Oldroyd of MIT, on the topic of Lead Response Management (LRM).

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BACKGROUND

Anne Holland, founder of MarketingSherpa, invited us to the Business-to-Business 4th 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. *(See PART 1.)*

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. *(See PART 2.)*

PART 1 – THE KELLOGG LEAD RESPONSE MANAGEMENT SURVEY

KELLOGG LEAD RESPONSE MANAGEMENT SURVEY OVERVIEW

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.

22 survey questions focused on identifying **WHEN** the best time was to efficiently contact web-generated leads, and **HOW** to generate web leads that qualify and close at optimal rates.

KELLOGG LEAD RESPONSE MANAGEMENT SURVEY CONCLUSION

The Kellogg Lead Response Management Survey introduces many new answers to the field of lead response management. Some of which are as follows:

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. *(See the complete Kellogg Survey / MIT Study for specific data points found in this study.)*

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 as they tended to have lower qualification and close rates.

6- Companies who break up their sales process into specialties (like lead gen, inside sales, and outside sales) correspond with higher qualification and close ratios.

7- Companies have no idea what is the best time or optimal timeliness to call leads back.

Frankly, 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.

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 real 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.

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

The topic studied is similar to the Kellogg Lead Response Management Survey, but the data was far more statistically significant.

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.

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**.
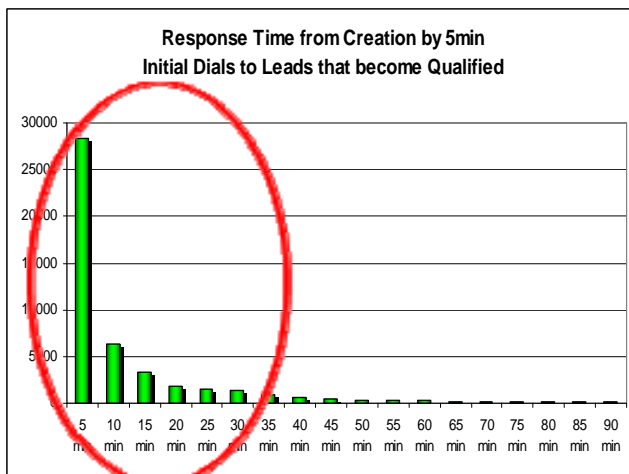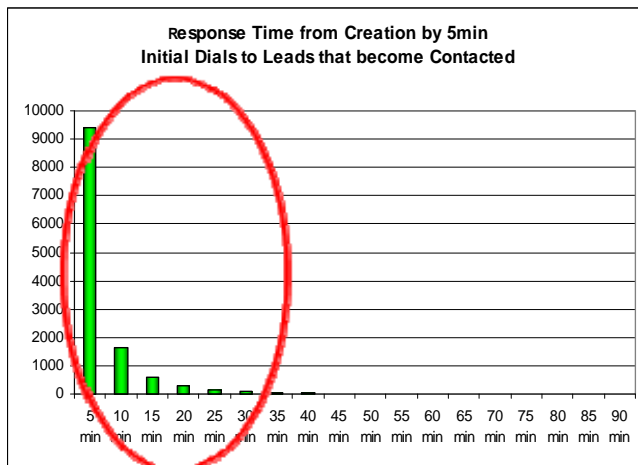
How significant is a **100x** increase in contact ratios on the value of leads? How much effect does a **21x** increase in qualification have on the overall sales revenue of a company?

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.
3- Waiting too long and continuing to push for contact unsuccessfully actually hurts your ability to ever make contact and qualify a lead.

Dr. Oldroyd emphasizes that he finds these clear patterns in the data only when data from several companies is combined together.

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

1- 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.

2- You Contact them at the Highest Point of 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.

3- 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 5 minutes. 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 when they answered. What surprised initially is now commonplace. First impressions continue to have a strong influence on trust and relationships.

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ABOUT INSIDESALES.COM

InsideSales.com is the leader 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.

To illustrate: 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, capture leads real-time with the resulting Web analytics data, 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.

Search Marketing Click Generation	Lead Generation Site Conversion	Lead Management Lead Qualification	Sales Management Opportunity Closing
Cost/Click	**Cost/Lead**	**Cost/Prospect**	**Cost/Customer**
• Pay per Click • Search Engine Optimization • Pay per Lead • Email Marketing • Affiliate Marketing • Direct Mail • Online Advertising • Blogging / Podcasting etc.	• Website Analytics • Split Testing • Multivariate Testing • Conversion Design • Form Design • Content Management • Landing Page Design • Conversion Analytics	• Lead Capture • Lead Routing • Auto Responders • Lead Response • Lead Qualification • Response Loop Reporting • Lead Source Tracking • Qualification Analytics	• Prospect Management • Contact Management • Sales Management • Quote Management • Forecast Management • Sales Collateral Mgmt • Sales Process Mgmt • Customer Management

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