



2016

SALES EFFECTIVENESS REPORT

Lead Follow-Up



Introduction

Sales effectiveness has many components. For this second annual report, we studied how the initial engagement with leads sets companies on a course of success or failure.

While a steady stream of leads from your website or other sources looks like a huge success, you shouldn't pop the champagne cork just yet. Now is when the real work begins: Engaging each and every one and turning them into revenue for your business.

It's not easy. Successful engagement of inbound leads has four crucial elements, which we call the Four Ps:



Promptness: You need to be fast if you want to be first

Personalization: Prospects want conversation, not promotion

Persistence: One or two tries are rarely enough

Performance: An email snagged in the spam filter looks like a non-response to a lead

There's an abundance of research on the importance of these Four Ps for lead engagement. But we wanted to find out whether companies were putting this information into practice in the field. This annual series of reports offer a snapshot of how companies are handling lead engagement today, and how that behavior is changing over time.

We compared best-practice research with real-world execution and found that even direct website inquiries—presumably the hottest of prospects—often get left behind. Our findings will help you determine where your company stands in comparison to others in your industry, which factors are strong predictors of success or failure, and what practical steps you can take to align your sales team with best practices.

Your inbound leads are an expensive resource, and crucial to the success of your organization. We hope this report will help you discover ways to optimally leverage yours.



Alex

Alex Terry, CEO
Conversica

Executive Summary



For this report, researchers visited the websites of 538 companies across nine industries, and asked to be contacted. Unfortunately, one-third of companies contacted did not respond at all, despite being solicited with a direct, specific inquiry.

Among those who responded, here's how they performed on our four metrics: Promptness, Personalization, Persistence and Performance.

- P Promptness:** 42% of companies who responded did so within the first five minutes after contact, a 36% increase over the 8% in the 2015 research. In addition, the number of companies that waited more than 24 hours halved since last year. The progress is impressive, but the relative benefits of contacting within the first five minutes are so great that this score remains surprisingly low.¹
- P Personalization:** Personalization was another area where companies have shown major improvement. The percentage of 'A' grades achieved for personalization increased by over 40% over the previous report, while the number of failing grades decreased by almost 30%. Companies appear to understand the real importance of creating a personalized, conversational environment in their correspondence.
- P Persistence:** Unlike promptness, persistence grades stayed relatively poor this year, with about 2% more companies achieving an 'A' grade, and about 2% more companies earning a 'D' grade. Some 68% of companies gave up after just two or fewer attempts to contact the shopper, despite research demonstrating that the optimal number of communications attempts lies between five and eleven.
- P Performance:** Getting an email to the inbox is getting harder every year. As filters become increasingly savvy to sales email techniques, it becomes more difficult to make it through, which means that companies need to be working harder than ever to land their emails in the inbox.

With the large number of sales teams not hitting best-practice targets — and the astonishing number of companies that did not respond at all — it's clear that inbound leads are not getting the attention deserved at many businesses. Prioritizing responsiveness and making use of sales and marketing technology can help.

Interestingly, many companies that performed well in last year's report performed poorly this year, and many others saw the opposite reversal. It appears that no company can be great at the four P's 100% of the time, meaning companies cannot rest on their laurels and must instead invest in strategies that ensure consistent and effective lead follow-up.

Giving Up Too Soon

Over two-thirds of companies simply gave up after two or fewer attempts, despite research demonstrating that the optimal number of communications attempts lies between five and eleven.

Methodology



Companies Surveyed

Commissioned researchers visited company websites from nine industries, covering both business-to-consumer (B2C) and business-to-business (B2B). Companies were selected by compiling rankings from sources such as Forbes, Bloomberg and industry-specific publications. Rankings include such factors as market share, annual revenues and market capitalization. The researchers then chose an equal number of companies from the top, middle and bottom segments of these rankings.

Making Contact

This research was conducted over the course of one month, using different secret shopper personas to solicit contact from various companies.

If a company's website had a form available for inquiries, researchers used that method of contact. If not, they used the email address provided on the website. Companies who offered neither an inquiry form nor an accessible email address were not surveyed. Web-based and email inquiries were made only during standard business days and hours, Monday through Friday, 9 a.m. to 5 p.m. PT.

Industries Surveyed

The secret shopper contacted a cross-section of 538 B2B and B2C companies across nine industries.



Throwing in the Towel

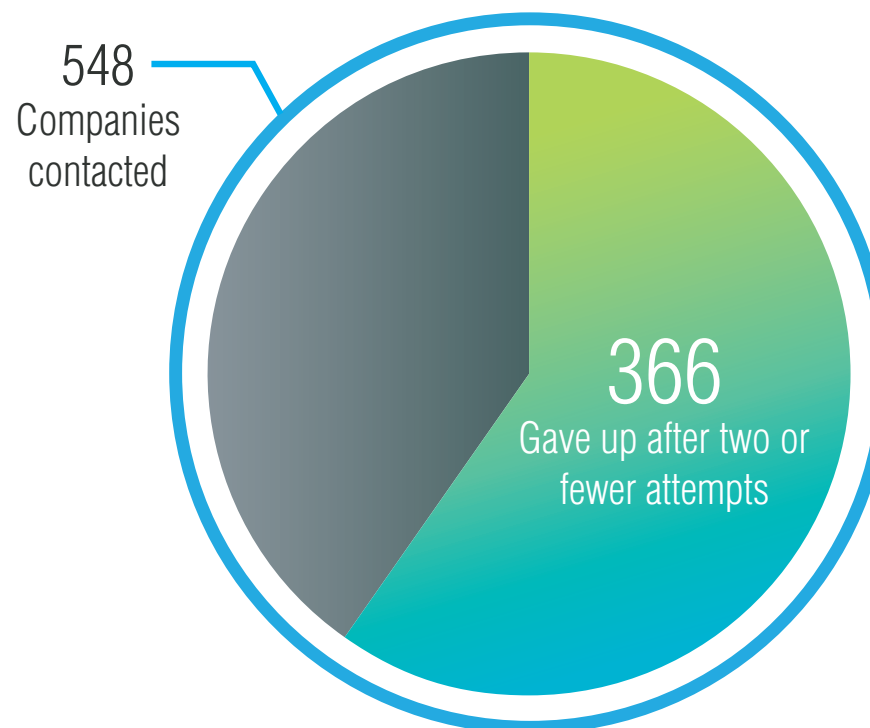


Of 538 companies contacted, 366 – over two-thirds – simply gave up after two or fewer attempts to reach the hot lead. This despite research demonstrating that the optimal number of communications attempts lies between five and eleven. In several industries, including Insurance, Brokerage and Media/Publishing, over 90% of companies tried two or fewer times.

Industries such as Automotive, Education and Mortgage performed best, making two or fewer attempts some 60% of the time. Large numbers of opportunities are being squandered as these abandoned leads are left to lose interest in companies' offerings.

Lead Inquiry Persistence Rates

A substantial percentage of companies gave up after two or fewer attempts to contact hot leads, despite research demonstrating that the optimal number of communications attempts lies between five and eleven.



In several industries, including Insurance, Brokerage and Media/Publishing, over 90% of companies gave up on their leads prematurely

Promptness

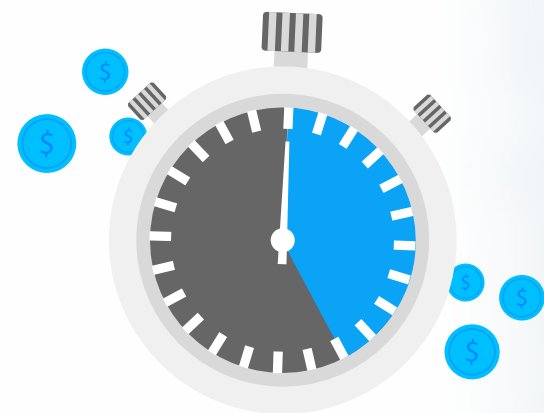
Promptness Overview

Extensive research demonstrates that promptness is the most important factor in contacting an inbound lead.¹ The faster the connection with a lead, the higher the likelihood of converting them to a customer.² What's surprising is how much difference even a few minutes can make:

- The likelihood of conversion drops significantly during the first three minutes after the lead's inquiry³
- The odds of qualifying a lead contacted within five minutes are 21 times higher compared to 30 minutes⁴
- Contacting a lead within the first hour increased the likelihood of qualifying the lead by seven times compared to a two-hour window, and 60 times in comparison to companies waiting 24 hours or longer.⁵

Initial response times in the study ranged from less than a minute to 17 days, with a majority of companies responding within an hour. An impressive 42% of companies who responded did so within the first five minutes, increasing the odds of qualifying the lead by over 2,000.⁶

Based on established best-practices research, such as the Lead Response Management Report⁷, we created a grading scale to assess each company's promptness.



Promptness Results

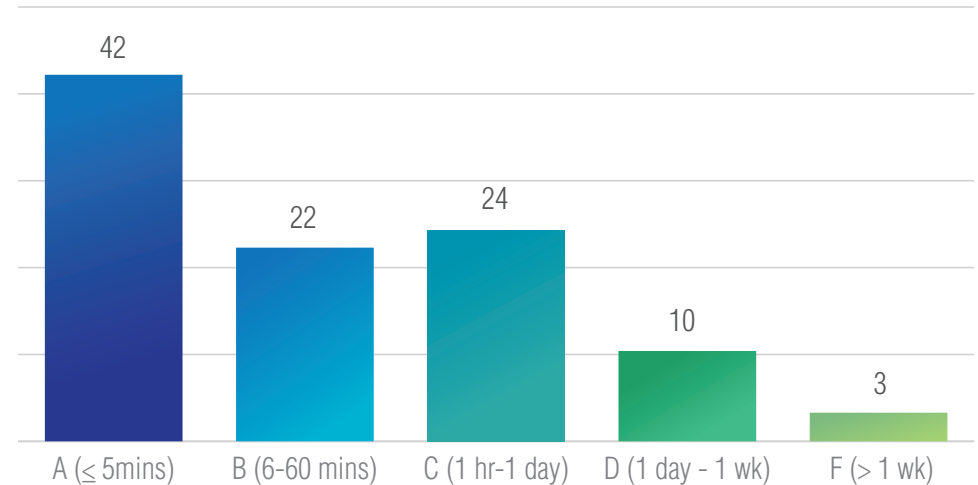


Promptness Insights: 5x Increase in 'A' Performers

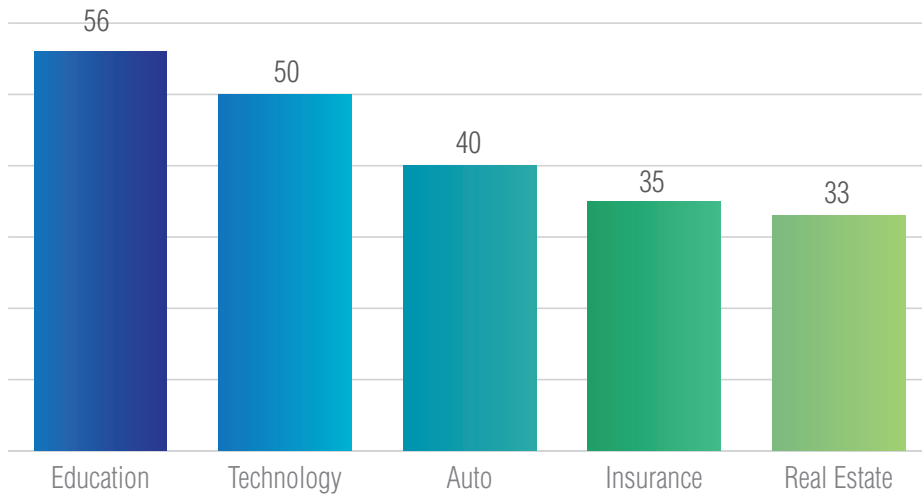
This year, 42% of companies scored an 'A' grade in Promptness, versus 8% in 2015. And while last year's results showed B2C clearly leading in high Promptness scores, B2B companies have rallied in the past year.

The Auto industry made a strong showing again this year with the third-highest percentage of 'A' grades in promptness, 27%. Incentives from manufacturers and stiff competition have forced this industry to be prompt in lead follow-up.

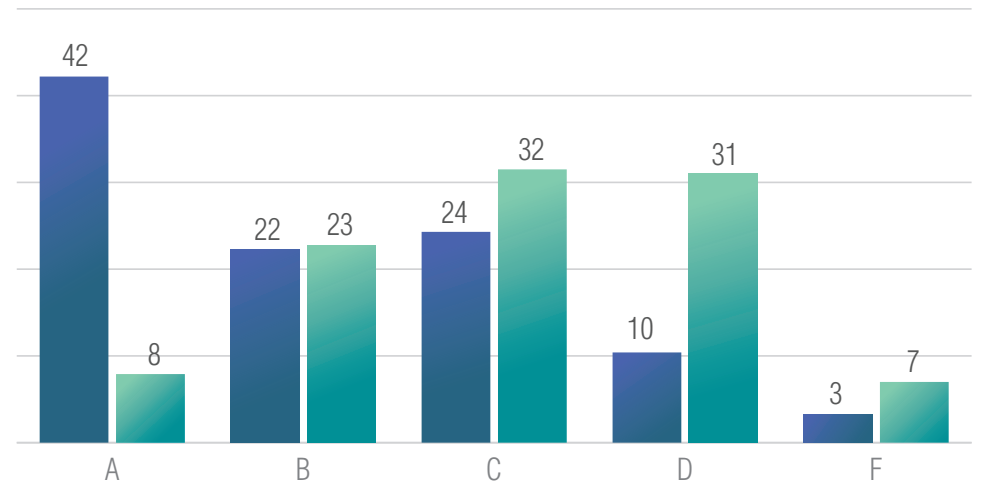
Promptness Grade Distribution by %, 2016



Top 5 'A' Scoring Industries in Promptness, 2016 (% scoring an 'A' grade)



Promptness Grade Distribution by %, 2016 vs 2015



B2B companies scored better in promptness this year, driven by an impressive increase in scores by the Technology industry.

Personalization

Personalization Overview

Marketing research makes clear that personalized communications with a prospect dramatically increases the likelihood of a positive response:

- Sending an email from an address associated with an individual rather than the company name increased the click through rate by 31%⁸
- Including a signature improves email response rates by 22%⁹
- Emails that resemble a personal letter were opened 137% more, and clicked through 129% more, than a graphics-heavy email with generic 'To' and 'From' fields¹⁰

In last year's report, we considered four different factors when evaluating emails for personalization:

- Personalized greeting
- Personal email account for the sender
- Specific mention of the lead's inquiry
- Inclusion of specific contact information for the lead to continue the conversation

This year, we added one more element of evaluation: Time patterning. Did the companies email us during times they knew that we were checking our email? Since our secret shopper made contact only during business hours, we looked at whether companies noticed this and responded during similar times. Research indicates that this kind of timeliness increases both the likelihood of the email being opened as well as the personalized feel of the correspondence.¹¹

The data on this metric includes only those companies who responded via email, about 96% of companies. Companies who responded by phone did not receive a personalization grade, nor did personalization factor into their overall grade. Of the companies that responded with emails, nearly all included at least one element of personalization, and over half the companies included four or more. This increase indicates one of the most dramatic changes in our results compared to last year, and suggests that companies are catching on to the importance of personalization.



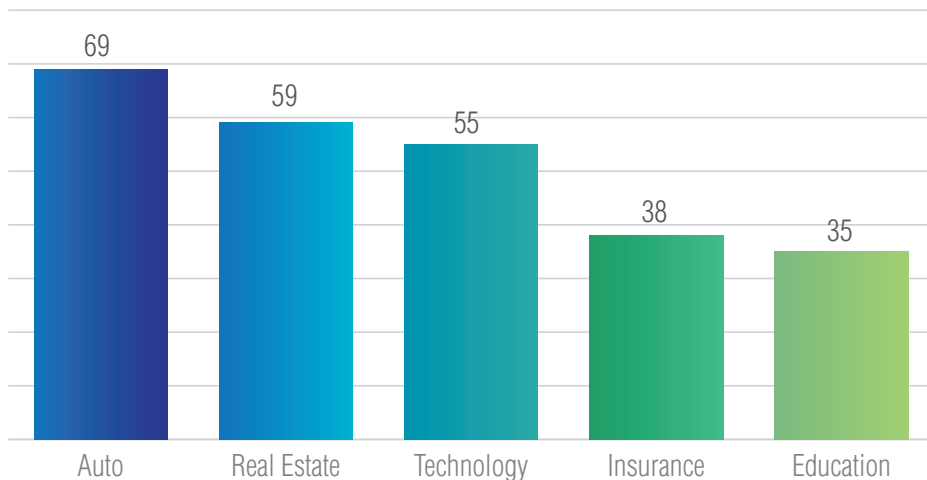
Personalization

Personalization Insights: 6x Increase in 'A' Performers

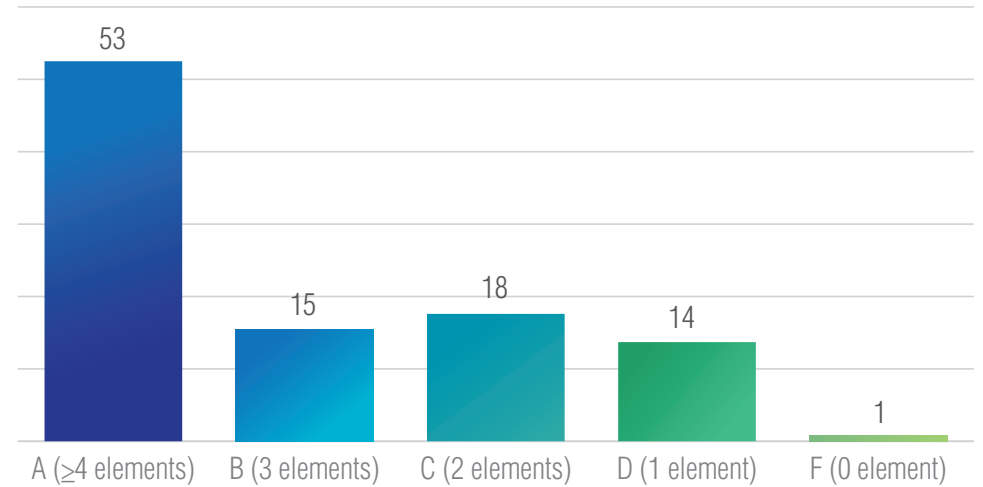
Many companies use autoresponders as the first touch with inbound leads, so it's not surprising that the replies feel impersonal. Today's marketing automation tools have the capability of capturing and using form fields as variables in their replies to leads (for example, greeting the lead by name was the most common use of personalization). Companies did better this year, with 53% scoring an 'A' grade compared with 8% last year, and only 1% receiving an 'F' versus 30% last year. However, given the ease and the importance of personalization in contact, it is surprising that over a third of companies still received only a 'C' or 'D' grade.

While it may be infeasible for most sales teams to respond to every lead with a hand-typed message, even an automatically generated response can go a long way if it is both thoughtful and individualized. Lead capture forms and marketing automation systems can be configured to use certain email addresses and email signature files to reply to the lead. More sophisticated systems can go even further by interpreting the details of the inquiry and responding specifically to those, mimicking a human response.

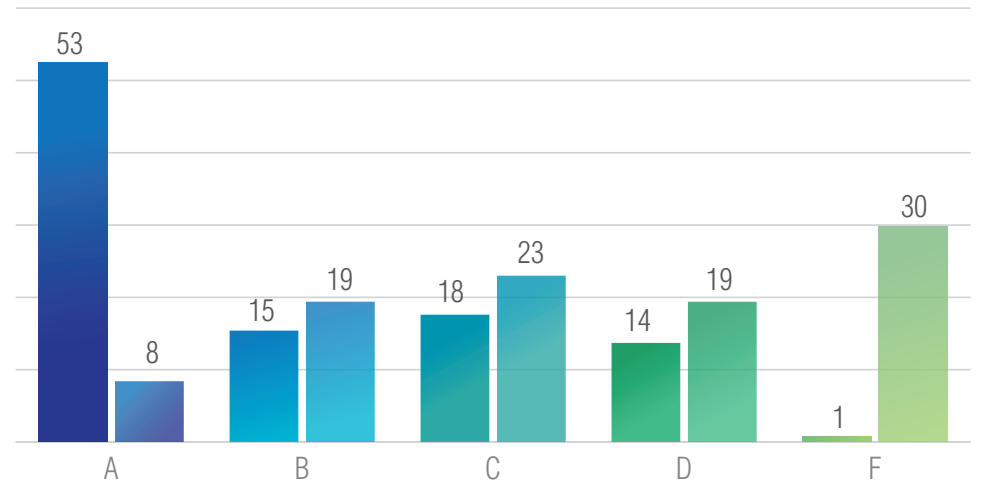
Top 5 'A' Scoring Industries in Personalization, 2016 (% scoring an 'A' grade)



Personalization Grade Distribution by %, 2016



Personalization Grade Distribution by %, 2016 vs 2015



Persistence

Persistence Overview

Connecting with a lead is crucial, but one attempt is almost never enough to be effective. Best-practice research proves that an increased number of attempts yields increased conversions:

- Attempting contact just three times instead of once will double response rates.¹²
- Companies with the fastest growing revenues were most likely to attempt contact with a lead five to eight times.¹³
- Overall response and conversion rates continue to grow at the eighth attempt and beyond.¹⁴

To assign a score for Persistence, we counted the total number of times a company attempted contact, including both phone and email, over a 21-day period. Because research suggests that increased contact can result in more sales opportunities, in this year's report we decided to not down-grade companies for 'excessive' contact.

While the range of persistence ran from one to 32 attempts, the majority of companies made only one or two attempts, receiving a 'D' grade. Only 17% of companies earned an 'A' grade by making at least eight attempts.

To rate persistence, we based our grading scale on the number of touches demonstrated to be most successful in previous studies and reports, such as Velocify's Ultimate Contact Strategy report.¹⁵



Persistence

Persistence Insights: Little Improvement This year

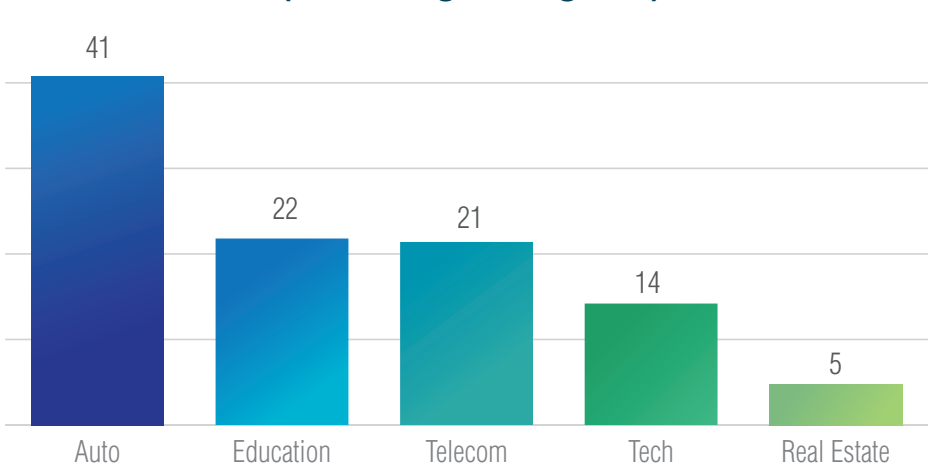
Persistence Presents Challenges

Persistence is the only category in which more than half of our respondents received a 'D' or 'F'. This is not surprising, since persistence is the metric that places the highest demands upon a salesperson's time. Research is flush with conflicting reports on the tradeoffs between effectiveness and costs of various amounts of contact, but the bottom-line is that maximizing contact maximizes the likelihood of response and qualification.¹⁶ Confusion in cost-benefit analysis means that more and more companies are turning to automation to maximize contact while minimizing strain on their sales team.

Automotive Scores High

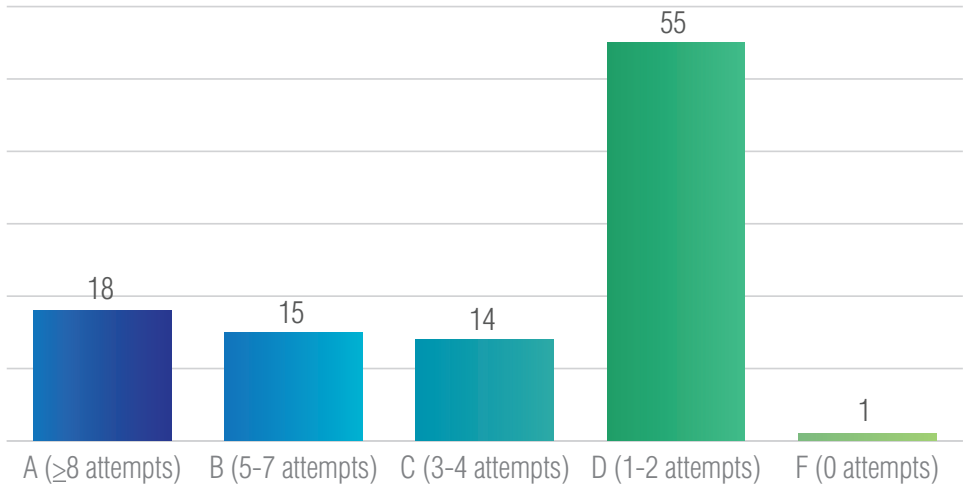
Once again, the Auto industry performed best in persistence. Not only did the Auto industry receive the most 'A'-grades in Persistence, but that amount is almost double that of their closest follower, Education.

Top 5 "A" Scoring Industries in Persistence, 2016
(% scoring an 'A' grade)

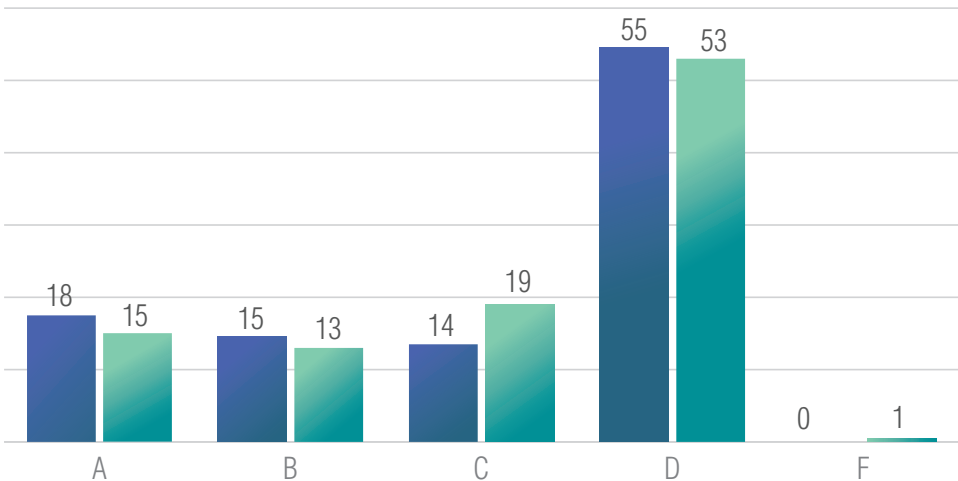


In an industry impacted by dramatic increases in web-based research and first contacts via the Internet, successful automotive dealers have responded by ensuring prompt response times and frequent contact attempts. Companies who have taken this approach have as much as doubled their sales.¹⁷

Persistence Grade Distribution by %, 2016



Persistence Grade Distribution by %, 2016 vs 2015



Performance

Performance Overview

To assess performance, we measured the likelihood that an email would reach its intended target rather than end up in a spam or junk mail folder. On average, 50% of business email ends up in spam folders, a number that remains consistent across various industries and organization sizes.¹⁸

For this study, we commissioned the SendForensics Email Deliverability Test, which assesses how likely the content of an email is to trigger spam filters at ISPs and in email clients. The test generates a score on a scale of 1 to 100 based on the probability that the email will be delivered directly to the recipient's inbox.

Companies using only the phone were not assigned a performance score, nor was performance considered as part of their overall grade.

The highest score attained on the SendForensics test in this study was 94%, while the lowest was 54%.

It is important to note that the performance scores of our emails are one of the most difficult elements to compare from year to year. As spam recognition services become increasingly complex, performance grades suffer if emails aren't frequently updated and adapted. Accordingly, the performance scores that our emails received in last year's report are higher than the scores those same emails would receive this year. Though we used SendForensics both years, standards of measure continually change, making year-over-year comparison challenging.

Increasingly advanced spam detection technology means that companies need to work harder than ever to make sure that their emails are making it to the inbox.

Performance

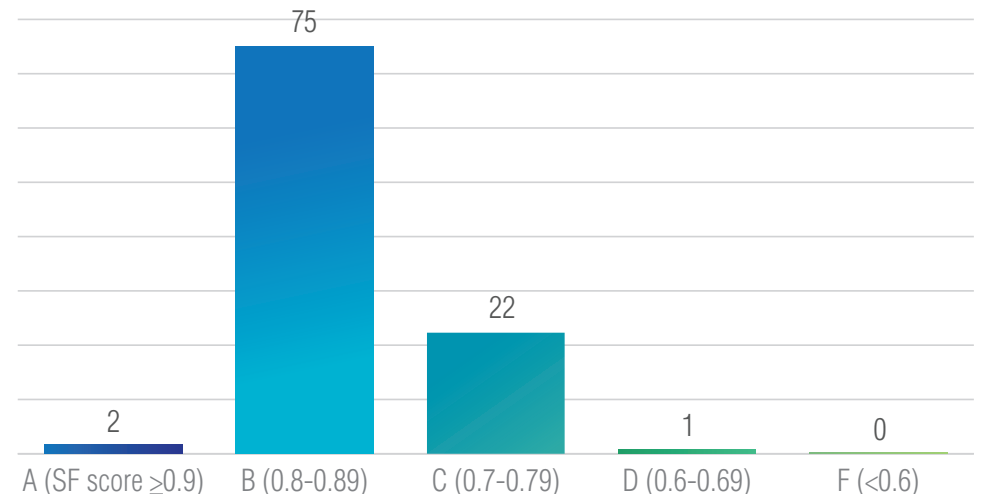


Performance Insights: Few Do Great

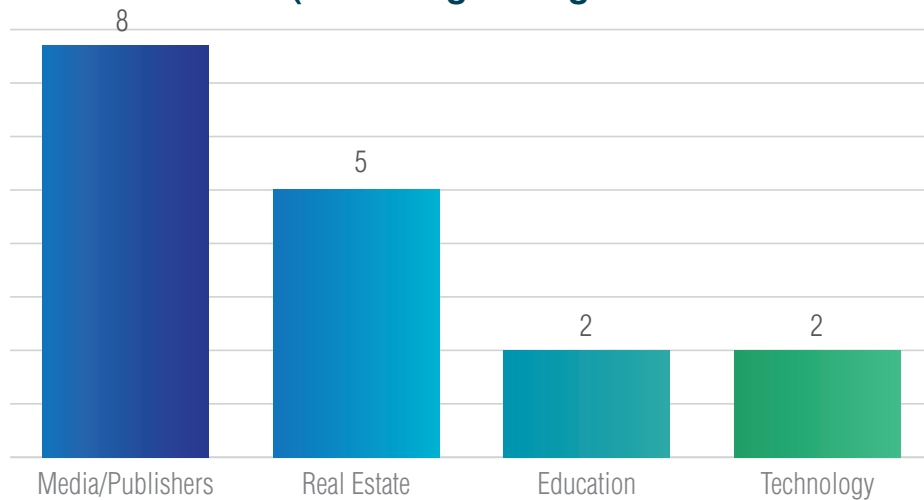
In 2015, Performance was noted as “the most successful metric in the study,” with 43% of companies receiving an ‘A’ grade. But in 2016 that fell to only 2%, shifting into ‘B’ grades, which rose from 48% to 75%. This suggests that companies’ tactics for getting their emails through spam filters are not keeping up with the sophistication of the filters themselves.

The research also revealed an apparent correlation between Performance and Personalization: All of the companies that earned an ‘A’ in performance also earned one in personalization, and 76% of the companies that received an ‘A’ in personalization scored a ‘B’ or higher in performance.

Performance Grade Distribution by %, 2016



Top 4 “A” Scoring Industries in Performance, 2016
(% scoring an ‘A’ grade)



Combined Grades



We determined an overall grade for each responding company by averaging their scores in each category.

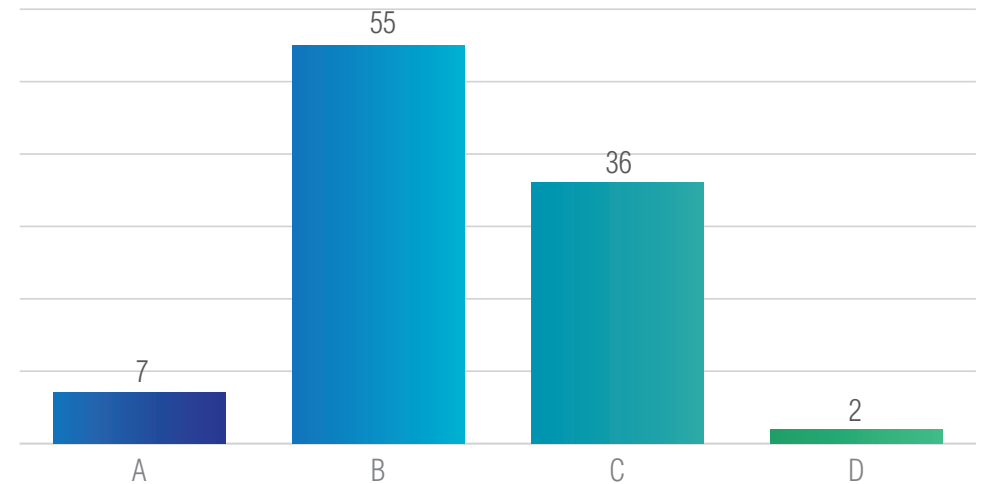
Overall Grades for Lead Follow-Up

Of the 380 companies that responded to our inquiry this year, 7% received an overall 'A' grade. While this is over double the percentage of 'A' grades received last year, it still represents only 41 out of 538 companies approached. 55% of companies received an overall 'B' grade, 36% of companies received an overall 'C' grade, 2% of companies received an overall 'D' grade, and for the second year in a row, no companies received an overall 'F' grade.

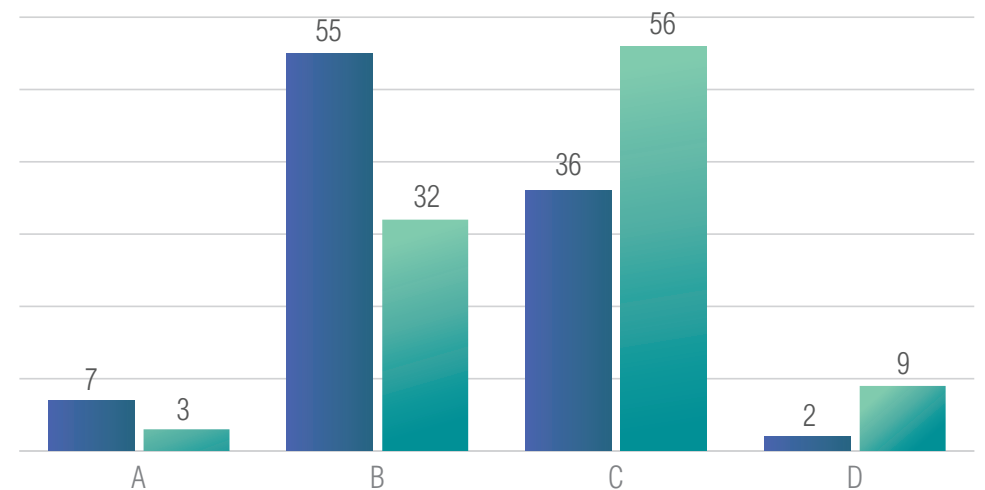
Grade Distribution at a Glance

This year's overall grade distribution indicates that companies are, in general, getting better at implementing the four 'P's in their communication practices, with 27% moving up in grade over 2015. While the majority of companies received a 'C' in last year's research, this year the majority earned a 'B'. This overall score increase was driven mostly by Promptness and Personalization scores, which showed dramatic and impressive increases over last year.

Overall 2016 Grade Breakdown, by %



Overall Grade Distribution by %, 2016 vs. 2015



Characteristics of Top Performers



None of the companies surveyed received an 'A' grade in all of the four categories, however 13 companies received an overall 'A' grade, of which 10 were from B2C industries and 3 were from B2B industries. In B2C, the Automotive industry again performed best, representing six of those top 10 positions. In B2B, the Technology industry did very well, securing all 3 top positions.

Only five of the companies that received 'A' grades last year were able to repeat their performance this year, and four out of those five companies were in the Auto industry.

Despite the fact that all but one of our 'A'-scoring companies received no lower than a 'B' grade for all of the P's, it seems as though the overall grades do most strongly correlate with Personalization grade. 98% of companies that received an overall 'A'-grade also received an 'A' in Personalization, whereas only 94% also received an 'A' in Promptness, and only 89% received an 'A' score in Persistence. Not one of our 'A'-scoring companies managed to score above a 'B' in Performance, which was a total reversal from last year's data, in which all but one 'A' company scored an 'A' in Performance.

A-Graded Companies at a Glance

The top performing companies were consistently persistent and did the best job at personalizing content. However, they still could improve in most categories.

Metric	Percent of companies who received A grades in this category	Average metric for A grades for this category	Average result for all companies	Best result for all companies
Promptness	29%	2 minutes	15 hours	0 minutes
Personalization	35%	4 or more personalization elements	2 personalized elements	5 personalized elements
Persistence	12%	13 attempts	3 attempts	32 attempts
Performance	1%	92% score	88% score	100% score



Characteristics of Poor Performers

Of the 380 responding companies this year, only four received a 'D' grade, the lowest recorded. This represents an 8-point decrease in the percentage of 'D' scoring companies from last year.

Of the 'D' scoring companies, two were in Education, one in Technology, and one in Insurance. The extremely small sample size of bottom-scoring companies leaves us little room to draw conclusions about struggling industries.

All poor performing companies struggled with Promptness as well as Persistence. The initial contact ranged from nine days after inquiry to fourteen, lengths of time so great that research indicates these companies could actually be wasting resources contacting a lead.¹⁸ In addition, these companies performed very poorly in Persistence, with an overall range of one to three attempts.

The relationship between Promptness and Persistence is relevant here, since a company that waits two weeks to initially reach out leaves themselves only one week for additional attempts.

Additionally, three out of the four 'D' scoring companies made use of phone contact exclusively, significantly larger than the overall rate of 3%. Looking at the improvement between this year's scores and those from last year, it appears that companies that chose to use the phone to contact leads did not improve. The makeup of low-scoring companies using the phone was 30% higher than last year.

D-Graded Companies at a Glance

Companies using phone for initial contact scored lowest, as their representation in the 'D'-graded group increased by over 30%.

Metric	Percent of companies that received D/F grades in this category	Average metric for D grades in this category	Average result for all companies	Average result for all companies
Promptness	39%	2 minutes	15 hours	0 minutes
Personalization (email only)	43%	1 personalized element	2 personalized element	5 personalized elements
Persistence	68%	1 attempt	3 attempts	32 attempts
Performance (email only)	33%	65% score	82% score	94% score

Conclusions



Over 50% of companies received a 'B' score or higher this year, demonstrating an impressive overall increase over last year's 28%. However, the results indicate that there is still room for improvement.

More than half of respondents sent their initial emails in a suboptimal fashion, reducing the likelihood of contact by over 2,000%. Some two thirds of our respondents made contact no more than 2 times before giving up, letting a large number of leads go cold.

The research suggests that email is surpassing phone contact as the fastest way to reach leads, and the easiest method to use persistently. As more companies transition to email communication with leads, crafting emails that reach the inbox becomes increasingly essential.

This year's results show that companies are getting better in their lead follow-up practices. Little things, like sending an extra email or two, addressing someone by name, or getting that first email out just a few minutes earlier, are paying off. As companies become more savvy to the practices that work, they need to hold themselves to a higher standard. Instead of trying to get at least one email out at all, there needs to be focus on getting the email out in the first five minutes. And why just one email? Maximizing contact maximizes opportunity for conversion. Paying attention pays off, and diverting resources to optimizing your inbound leads only offers more opportunities for growth.

Key Metrics at a Glance

Engaging leads Promptly, Persistently, and Personally is a difficult job, and across the industries we surveyed there is much room for improvement.

Metric	Percent result	Average result	Best result
Promptness	37% took longer than 12 hours to respond	15 hours	0 minutes
Persistence	54% made just 1 or 2 contact attempts	3 attempts	32 attempts
Personalization	43% included no or 1 personalized elements	2 personalized elements	5 personalized elements

Conclusions

More than 65% of companies who replied to our secret shopper's inquiry received an overall C or lower when compared to the best practices identified by cited research.

- More than one-third of companies who responded did not make contact within the first 24 hours, dramatically decreasing the likelihood of either contacting the lead or making a sale.
- Some two thirds of our respondents made contact no more than two times before giving up, letting a large number of leads go cold.
- Nearly half of our respondents who used email did not take advantage of their initial contact with a prospect to establish a personal connection.

The bright spots in our research show that some companies are figuring this out. Most businesses that responded to our inquiry by email are well above average in successfully avoiding the junk folder. Top-scoring companies attempted contact an average of 13 times, leaving no lead behind, and they responded to inquiries a full two days faster than average. They were also three times as likely to include all the elements of personalization as even the B-graded companies. These top performers prove that best practices aren't just theoretical. They can be done, if you commit the resources to do them.

The biggest challenge of all appears to be consistency. Year-over-year observation reveals that none of the companies are great at lead follow-up all of the time. Companies that did well last year did poorly this year, and some that did poorly last year did well this one. This is likely because, regardless of the quality of the processes involved, people themselves are inconsistent; they have good days and bad days, and they can get overwhelmed, frustrated or demotivated. The company's performance will inevitably excel or suffer as a result.



Solutions

No organization or sales team makes being impersonal or dropping leads a part of their business plan. But they may not be making all of the four key lead follow-up practices — Promptness, Personalization, Persistence, and Performance — a priority.

Our research suggests that companies seeking to improve on these metrics should prioritize their efforts as follows:

- Begin with Promptness. Even among our top-scoring companies, Promptness was the least likely metric to receive an 'A'. With Promptness, every minute counts, which means that every small improvement will yield results.
- Next, work on Persistence. Like Promptness, this is an area where a small change — two or three more attempts — can noticeably increase the conversion rate. For companies seeking to go above and beyond, an automated solution may be necessary to hit a target of eight or more touches.
- Finally, address Personalization and Performance. Because these factors also go hand in hand, it makes sense to tackle them together. Successful companies are tailoring email content specifically to the lead's inquiry and personalizing the contact information to put a human touch on what can be an impersonal process.



Footnotes



1. http://www.leadresponsemanagement.org/images/lrm_study.pdf
2. Ibid
3. Ibid
4. <http://www.insidesales.com/insider/lead-response-management/lead-response-management/>
5. http://www.leadresponsemanagement.org/jimclick_study
6. Ibid
7. Ibid
8. Ibid
9. <https://www.implisit.com/blog/the-science-behind-sales-emails/>
10. <http://sherpablog.marketingsherpa.com/email-marketing/email-personalization/>
11. Ibid
12. <https://www.implisit.com/blog/the-science-behind-sales-emails/>
13. Winning strategies for optimal sales processes. AA-ISP, Velocify
14. <http://pages.velocify.com/rs/leads360/images/Ultimate-Contact-Strategy.pdf>
15. Ibid
16. Ibid
17. http://www.leadresponsemanagement.org/jimclick_study
18. http://www.symantec.com/content/en/us/enterprise/other_resources/b-intelligence-report-07-2015-en-us.pdf

About Conversica



Conversica is the only provider of lead engagement software for marketing and sales organizations powered by artificial intelligence. Conversica's automated sales assistant automatically contacts, engages, nurtures, qualifies and follows up with leads via natural, two-way email conversations until the lead converts into an opportunity or opts out. The sales assistant interprets the lead's intention and sentiment in email replies and extracts key information, such as phone numbers and the best time to call, answers questions, and then expertly hands off the lead to the appropriate salesperson to close the deal. As a result, Conversica customers find their next customers more quickly and efficiently, with no leads left behind.

Used by more than 15,000 sales representatives worldwide, Conversica maximizes sales opportunities by optimizing sales team productivity and has helped create more than \$8 billion in revenue. Recognized by Gartner as a 2016 Cool Vendor in CRM for Sales, Conversica is a portfolio company of Kennet Partners and Toba Capital, and is headquartered in Foster City, California.

To learn more about how Conversica can drive lead engagement forward, call +1 (888) 778 1004, email sales@conversica.com or visit www.conversica.com to set up a product demonstration. You can also follow us on [LinkedIn](#), [Facebook](#), [Google+](#), [YouTube](#), and [@myconversica](#) on Twitter.

See the difference an AI virtual sales assistant can make:

Request a Demo

How Would Your Company Perform?

Conversica continues to evaluate how effective companies are at lead follow-up in a wide variety of industries. To have your company assessed as part of our ongoing research, or to receive a confidential scorecard on just your company, please complete our assessment request form.

Assess My Company

