

Lead Quality White Paper

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Introduction

As advertisers embrace online to deliver their campaigns, there is a temptation to use different methods of delivery to attract consumers, especially if they are accountable. This is precisely why online lead generation has been a topic of interest in the digital industry as its main focus is on customer acquisition.

Online lead generation offers an alternative method of acquiring new customers. As its adoption increases and the industry develops Online Lead Generation is moving away from being a traditional quantity based medium, as there is more focus from advertisers on quality.

With many providers and systems out there in the market it is important for advertisers to have more knowledge about best practise and what to look for when measuring quality. This white paper will go into detail about lead quality and give advertisers tips on what they need to be aware of when choosing a provider.

This is one of a series of white papers the IAB Taskforce has created in this area. For more information check the IAB website for more information:

<http://www.iabuk.net/en/1/onlineleadgeneration.html>

Why is lead quality important?

Lead Quality is important to both advertisers and lead providers. For advertisers, lead quality bears a direct correlation to the Return on Investment they can achieve from their campaign, while lead providers will be judged on the quality of lead they can generate.

Marketing budgets are scrutinised at any time, but even more so at a time when cost containment is a high priority. Because of this pressure, it is essential that any investment in data-based marketing can show clear paths to a strong return. It is data quality that determines the strength of ROI.

High quality leads result in less wastage which lowers cost per acquisition (CPA) across the campaign and optimises resources. Poor quality leads waste marketing budget and advertisers incur a wasted cost for processing these leads. Advertisers that spend more time on selling and less time on processing and administration will generate a higher return on investment

It is also important for lead generation specialists to deliver high quality data, because more and more marketers are judging these providers on quality – a shift away from the quantity-driven days gone by. As quality becomes more of a competitive differentiator for the lead providers, the importance of generating high quality leads increases significantly.

However, it is important to remember that lead quality often depends on how the leads are going to be processed. As long as there is transparency between the lead provider and the advertiser, leads of all quality ranges will have value.

What is lead quality?

Lead quality is determined by an advertiser's expectation, therefore it is crucial for an advertiser to communicate metrics to measure performance at the beginning of a campaign. A high quality lead will be more likely to convert to this metric as compared to a low quality lead. For example a lead sent into a call centre with an incorrect phone number will be low

quality but if the same lead has a valid email address and is used in an email marketing campaign then priced appropriately it may be a high quality lead.

There are many different metrics that go towards determining whether a lead is high quality, including the source of the lead, the interest levels expressed when it was collected, the exclusivity of the data, whether the lead is 'hot' and verification of information.

Fundamentally the lead has to be gathered in the right way from the right place and then it has to be properly managed in order to generate a good return on investment. .

Lead quality and value

Lead quality determines the value of leads from a marketing campaign.

If lead generation activity is returning poor quality leads - outside the correct target market for an advertiser - they are likely to clog up the sales process, delay the conversion of good quality leads in to customers, and increase costs. This will have a direct impact on ROI for marketing teams and will impact operational efficiency for sales teams.

It is therefore imperative to target the valuable customers, and minimise the wastage (large volumes of low quality leads) by paying close attention to lead quality.

[General 80:20 rule applies. 20% of customers create up to 80% of revenues for a typical company. The challenge is to grow the 20% figure as much as one can. Marketing will make a bigger contribution to company revenue if those key people are targeted more effectively. By closely monitoring lead quality this can be achieved, leading to an optimised campaign that delivers results.]

Best practice lead generation sees the emphasis shift from a model based on quantity, to one based on quality. It is critical that advertisers, publishers and agencies carefully measure and monitor lead quality.

Lead quality components:

By understanding that leads have measurable components that can reflect the consumer's intent, or influence an advertiser's ability to convert leads in to customers, advertisers can proactively measure the quality of each individual lead prior to engaging in a follow-up process to maximise conversion.

Consumer motivation

Consumer motivation refers to the reason(s) that caused a consumer to fill out a form online and submit their information. Consumer motivation will have a large impact on lead quality and the more that is understood about the initial consumer motivation, the better an advertiser can determine what a lead is worth and how best to process the lead.

There are a number of considerations:

- What was behind the consumer taking action?
- Was the action proactive or passive?
- Was the action planned or impulsive?

- Was the lead generated in response to one specific product/service or as part of an “up sell”
- What specifically piqued the consumer’s interest?
- Was the consumer genuinely interested in the product/service from the advertiser or was it an incentive that caused the action to be taken?

The answers to these questions will have more or less impact on quality. For example in the origination of a life insurance lead there may be varying consumer motivation at each end of the quality spectrum. A lead generated from a consumer clicking on a sponsored link after searching for “life insurance” on Google and then submitting their information to be contacted by an insurer will be very different in quality from a consumer entering a competition to win an i-pod and then presented with an offer to get a quote for cheap life insurance.

Lead exclusivity

Lead exclusivity refers to whether or not a lead is sold to one advertiser or multiple advertisers. The exclusivity or not of a lead will impact upon lead quality and will affect the value of the lead and how an advertiser should process the lead.

Lead exclusivity is often dependent on whether or not the lead was generated for a specific brand or advertiser, or alternatively, a generic product or service where a consumer is likely to be price shopping or comparing similar products.

If the lead is advertiser specific then generally it should only be sold once. If the consumer has responded to a generalised offer, lead exclusivity refers to how many times that lead is sold. It is generally accepted that the more times the lead is sold, the less value it has to an advertiser because they are potentially competing with several other advertisers.

However, advertisers should be aware that exclusivity can only be guaranteed on a per provider basis. What this means is that even if a lead is sold exclusively from lead provider A, there is nothing to stop the consumer from filling in a form controlled by lead provider B and that lead being sold to the same advertiser. Lead suppliers should consider duplication rates before undertaking any lead generation campaign with multiple suppliers.

In the UK, the current status quo is for all leads to be sold exclusively – i.e. sold once.

Lead age

Lead age, refers to the time it takes from the submission of the lead form to the delivery of that lead to the end buyer. Generally, advertisers who buy internet leads see great value in following up on a lead immediately, in other words, contacting the consumer while the lead is “hot” – typically within minutes of receiving the consumer information.

Further, the highest value is usually placed on “real-time” leads, meaning a lead is transferred to the advertiser upon submission of the lead. For real-time leads, the key for advertisers is to make contact with the consumer as quickly as possible while they are still interested in finding out about the product or service. The marketing language used in the origination of these lead types is typically formulated so that the consumer is expecting to be contacted immediately.

The impact of lead age on quality will also be determined by how the leads are processed by the advertiser. In the example above, high value real-time leads are expensive and immediate follow up is vital. However, lead age is not so important for a lead generation campaign designed to build a customer prospect database for remarketing to by email.

Lead relevance

Lead relevance refers to the relevancy of the positioning of the advert or promotion with the underlying content of the web page. The more relevant the advert, the higher the quality of the resulting lead as the consumer intent will be higher. For example, a life insurance lead created from a consumer browsing a website researching personal finance issues will most likely be higher quality than a similar lead created when the consumer was browsing a celebrity gossip website.

However, relevance may also be determined by other factors as well as the editorial context. For example if an advertiser's product is targeted at consumers of a certain demographic then the relevance of the positioning of the advert will be determined by the demographics of the web page's audience rather than just the content itself.

Lead incentivisation

Refers to the genuine response to the product or service being promoted from the target market, or whether the incentive or hook had overly influenced response, i.e. were they genuinely interested in the product or service or was it an incentive that caused them to take action?

Verification of data

Verification of data fields, as it applies to lead generation, refers to whether or not the information submitted by the consumer through a lead generation form is verified using either a) internal technology or b) a 3rd party verification provider.

Verification of data fields is critical to lead quality because there is no inherent manner to prevent a user on the internet from entering inaccurate information, either fraudulently or due to data-entry error. Verifying the data prior to sending the information to the advertiser's call centre can prevent spending time and effort trying to contact the wrong person or reaching out to a non-existing phone number or address.

In general, the more validation and verification each lead or data field within a lead is subject to the better the quality. At the same time, the lead price increases as the lead is put through increased verification.

It is important for advertisers to consider how they are going to process the leads to determine how much verification is necessary. For example, leads purchased and delivered into an outbound call centre might not need post-code validation if telephone is the only method of contact with the consumer. At the same time, there is an argument that even for leads processed in such a way, the more accurate all the information is, the more likely the consumer will convert into a sale as they must be more "genuine" to have entered all their information correctly.

Data enhancement

Data enhancement, as it applies to lead generation, refers to improving the quality of the lead data captured by adding valuable elements enabling more targeted marketing.

How to assess the relevance of lead quality components

The factors that affect lead quality affect advertisers in different ways. For instance lead age may be critical for a pre-Christmas voucher campaign however is less so for postal catalogues. Each component is important and all must be considered when assessing a lead source, however some are more critical than others. The question is what factors are important to the advertiser that will determine the success of the campaign? Ultimately this

will help advertisers prioritise leads and funnel them into the most cost effective conversion channel to help achieve the target return on investment. To help decide what is important and to prioritise leads the following should be taken into consideration:

Determine conversion costs

The knowledge of processing costs in converting a lead to a customer and historical customer revenue and retention are essential in determining what lead quality components are most important. Is it the initial contact via telephone, email or post? Each has their associated costs.

What impacts those costs?

The more accurate the information collected, the lower the cost of processing the leads. However, accuracy of the data is relevant only to the methods used to process the leads. For example, if a lead captures a consumer's telephone number and postal address and is being pushed through a call centre then the accuracy of the postal address will not be relevant but the accuracy of the telephone number is vital. The less the wastage, the higher the potential ROI.

How competitive is the industry?

The relevance of the quality components are determined by the competitive nature of the industry. For example, in a highly competitive commoditised industry with lots of competing advertisers with an online presence, the age and exclusivity of the lead are far more relevant than in a less competitive industry. Best practice is for all real-time leads to be followed up within minutes of receiving the consumer information but the initial speed of contact is even more important in these highly competitive industries.

Within what timeframe is ROI measured?

Return on Investment (ROI) is the ultimate metric to determine the success of a lead generation campaign but it is a constantly evolving metric. The ROI from a lead generation campaign after one week will look very different compared to the same period in three months time. This is primarily due to the nature of any lead generation conversion funnel. If the primary touch point of all lead processing is to make initial contact with the consumer then even a campaign designed to maximise short term returns will see an uplift in ROI over time as more consumers are contacted and more consumers convert into business.

For any campaign where short term ROI is fundamental, then all the quality components that can achieve this become more important. Short term campaigns usually involve sending real-time leads into an outbound call centre to maximise contact rates and immediate conversions. In this scenario, the accuracy of phone numbers is far more important especially if this is the only method of follow up. For any campaign where leads capture a consumer's phone number, postal address and email address then the accuracy of each individual piece of contact data is less important especially if the consumer is followed up by all possible means.

Define your ideal lead

Asking these questions and determining which of the factors are important to you will help decide the types of lead sources you can use, and prioritise those leads into funnels to convert with the best efficacy.

While a scoring system can be employed to help quantify the quality of a lead based on its provenance, this must first require a good understanding of the impact of each individual

component on the likelihood of a lead converting. Rather, a reasonable estimate can be made by understanding your own conversion process and applying that understanding to your lead sources.

Technology enhancements/solutions

Online lead generation is a technology-driven industry and lead performance will often be determined by the technology used to processes and manage the leads.

The importance of accurate information will depend on the individual campaign but generally speaking, at a given cost, the more accurate the information on the leads the more valuable that lead is to the advertiser. Technology can be utilised to improve the accuracy of information as well as help advertisers prioritise leads more effectively based on lead quality. For example, technology can be used to invalidate leads with disconnected phone numbers before they are sent into a call centre. This will lower the acquisition cost for the advertiser as well as lowering the processing costs of calling the leads. (See Co-Registration White Paper) Increasingly sophisticated data capture technology allows more flexibility in campaign design meaning that online publishers can easily place lead generation campaigns on their sites without affecting the design or its appeal to consumers which is essential if the site is to maintain its value to the advertiser.

Transparency in the lead generation process is paramount. Lead generation specialists need visibility of the process to assure data quality and enable marketers to optimise their campaigns and maximise their return on investment.

Data verification technology and campaign tracking systems allow advertisers to maximise their ROI and monitor the success of campaigns from start to finish. Whether leads are sourced through third party lead providers or via partnerships or affiliate networks it is essential to be able to monitor those sources that are performing and those that aren't if the campaign is to achieve its targets and generate the desired return on investment. These systems enable advertisers to assess the lead quality that a specific lead source generates.

It is also important that a provider can confirm not only that the data is correct, but also that the lead itself is relevant to the campaign they're running. With an effective measurement for quality, providers can then analyse their data capture network and optimise the campaign by increasing quotas for high performers and lowering it for less effective partners.