

Lead Nurturing

The Secret to Successful Lead Generation

November 2008

Ian Michiels

Executive Summary

This report outlines the essential role lead nurturing will play in weathering the economic downturn. The insights and recommendations in this benchmark isolate best practices in lead nurturing from 213 organizations.

Best-in-Class Performance

Aberdeen used two key performance criteria to distinguish Best-in-Class companies:

- Average year over year increase in annual revenue
- Annual increase in the number of qualified leads

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics:

- 65% allow sales to send formerly qualified leads back to marketing for further nurturing
- 77% collaboratively worked to define the definition of a qualified lead, the buying cycle, and the sales cycle between the marketing and sales functions.

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- **Develop a formal strategy and process around lead nurturing efforts.** Use the Best-in-Class tactics from this research to maximize (or implement) lead nurturing.
- **Effective nurturing requires thought leadership, not promotions and marketing messages.** Map available educational content to the prospect buying cycle and incorporate it into lead nurturing communications.

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Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"Without lead nurturing, you risk re-purchasing some of today's non-qualified leads, when they become qualified later. Worse, you'll lose sales to the competition."

~ Jason Watson, Director of Sales, Software/Hardware Provider

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Chapter One: The Strategic Value of Lead Nurturing

During periods of economic instability, many organizations are forced to cut cost, eliminate waste, and focus on business results. For this reason it becomes increasingly important for both sales and marketing to take accountability for maximizing opportunities from new prospects and existing customers. This study revealed that today, 16% of the total leads that are deemed sales opportunities actually close, and the difference between a successful company and a mediocre company lies in how the remaining 84% of already qualified opportunities are handled. Without a formal lead nurturing program, qualified leads that do not result in short-term sales often slip through the cracks and become lost revenue opportunities. Fifty-six percent (56%) of all respondents indicated that they lack a formal lead nurturing program to support and nurture long-term opportunities.

Respondents indicated that on average, 28% of marketing qualified leads are not followed up on by sales. This is significantly lower than 2005 Aberdeen research that suggested that upwards of 60% to 70% of leads are never followed up by sales. It's increasingly apparent that the margin of error for weathering an economic downturn is getting increasingly slimmer. The past two years have showed dramatic improvements in lead management practices across all organizations. Companies simply cannot afford to let 60% to 70% of the leads they generate go to waste.

It's time for marketing to take ownership and accountability for managing the 84% of qualified leads that do not result an immediate sale. Lead nurturing techniques and practices differentiate Best-in-Class and Laggard organizations. Only 43% of all respondents actually leverage a formal lead nurturing program, so there are tremendous opportunities for organizations to maximize marketing efforts by ensuring all acquired leads have the best chance of closing, now or in the future. Effective lead nurturing means organizations can reduce lead generation budget and maximize revenue by focusing on quality and not quantity of leads.

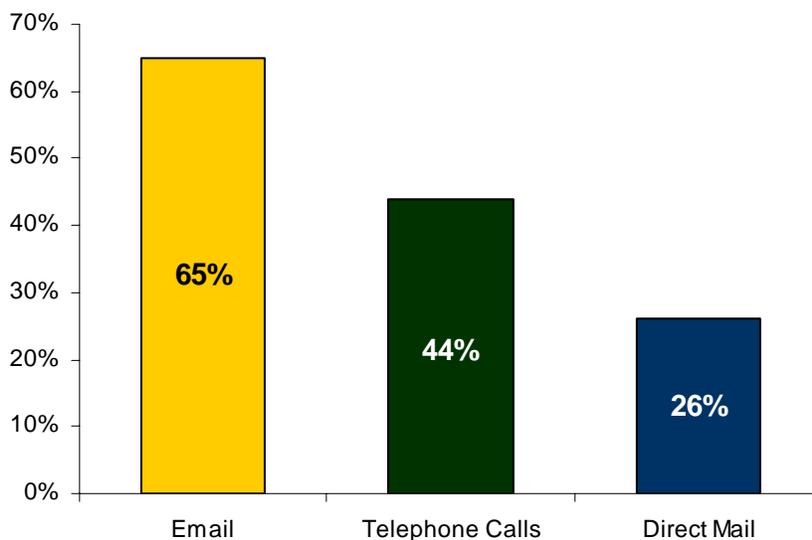
What is Lead Nurturing?

Lead nurturing is a relationship-building approach utilizing multiple media (email, whitepapers, telecommunication, seminars, webinars, blogs, collateral, speaking engagements, third-party articles) to support the prospects buying cycle with relevant information and engage in an ongoing dialog until qualified prospects are deemed "sales-ready." A "sales-ready" lead is ultimately defined by the unique definition of a qualified lead within the organization. Sales-ready prospects are educated, informed, and prepared to make a decision; thus they need to be actively engaged with sales or engaged by call to action marketing messages. The goal of a lead nurturing program is to support and nurture long-term opportunities with the hope that these prospects may represent future sales. Ultimately, this requires marketing to take ownership and accountability for nurturing

prospects that are not ready to purchase, but may have a defined need, authority, budget, or a long-term timeline.

Lead nurturing can span multiple channels and disciplines. For example, a lead nurturing campaign may include a series of emails and direct mail communications in a drip campaign. Lead nurturing can also be executed with trigger marketing techniques that deliver relevant content based on the prospects behavior or activities across a website, telephone, email, and other channels. Figure 1 shows the top three channels that are used for lead nurturing. It's no surprise to see email marketing in the number one slot since it's the most cost effective channel, and it engages the prospect in an interactive communication where conversion and interaction can be immediately recorded and measured.

Figure 1: Top Three Channels Used for Lead Nurturing (All Respondents)



Source: Aberdeen Group, November 2008

More importantly, nurturing is not just for new prospects. Many organizations leverage lead nurturing techniques to cross-sell and up-sell to existing customers, which can dramatically grow bottom line revenue and profitability. Prior research from Aberdeen revealed it is 4.8-times cheaper to sell to an existing customer than it is to acquire a new lead.

The Maturity Class Framework

Aberdeen used two key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations: annual revenue, and and the change in the number of qualified leads over the past year.

"Technology presents the opportunity to succeed with lead nurturing, but only if you know how to use it. As with chess, do you know how to play, or just how to move the pieces? To learn, try reading the blogs and watching the webinars presented by the lead nurturing companies."

~ Greg Moore, Marketing Analyst, Acteva, Hardware / Software Provider

Table 1: Top Performers Earn Best-in-Class Status

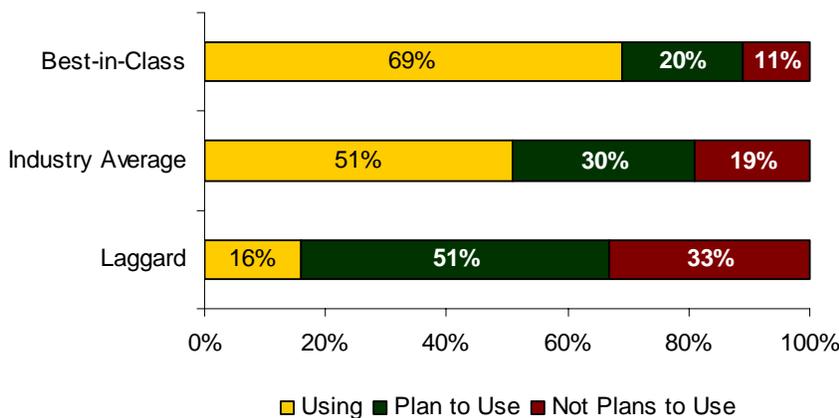
Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 28% average year over year increase in annual revenue ▪ 4% annual increase in the number of qualified leads
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 16% average year over year increase in annual revenue ▪ 13% annual decrease in the number of qualified leads
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 10% average year over year increase in annual revenue ▪ 75% annual decrease in the number of qualified leads

Source: Aberdeen Group, November 2008

Lead Nurturing Linked to Best-in-Class Performance

Significantly, superior performing organizations are two-times more likely than their peers to leverage lead nurturing programs. This suggests that lead nurturing is a critical component of Best-in-Class organizations. Note that the Best-in-Class are 4.6-times more likely than Laggards to currently nurture leads. Research also shows that Industry Average and Best-in-Class organizations that do not nurture leads intend to do so in the future, which suggests that well over 80% of these organizations will have lead nurturing programs by 2010 (Figure 2).

Figure 2: Use of Lead Nurturing



Source: Aberdeen Group, November 2008

The survey findings also show that across the board, the Best-in-Class achieve significantly higher performance than Industry Average and Laggards in lead to sales revenue, response rates, lead qualification rates, and average

order values. In fact, Best-in-Class organizations enjoy double the bid-win-ratio on nurtured leads compared to peers that also have lead nurturing programs. Interestingly, nurtured leads in Best-in-Class organizations delivered 47% higher average order values over non-nurtured leads.

The Best-in-Class PACE Model

Lead nurturing ultimately requires a combination of strategic actions, organizational capabilities, and enabling technologies that the Best-in-Class leverage to extract significantly higher performance out of both lead nurturing and marketing spend in general. These principals and practices can be isolated and passed to Industry Average and Laggard organizations on their quest to deliver Best-in-Class performance.

Table 2: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Increase top line revenue 	<ul style="list-style-type: none"> ▪ Enable prospect qualification through lead nurturing ▪ Increase collaboration between marketing and sales 	<ul style="list-style-type: none"> ▪ Sales can send formerly qualified leads back to marketing for further nurturing ▪ Clearly defined criteria for defining when a lead is 'sales-ready' or 'qualified lead' ▪ Marketing and sales collaboratively defined what constitutes a 'sales-ready' lead ▪ Lead administrator or individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data 	<ul style="list-style-type: none"> ▪ Lead management ▪ Trigger marketing ▪ Marketing campaign management ▪ Survey and feedback tools ▪ List management ▪ Email marketing ▪ Web analytics ▪ Customer database ▪ Customer segmentation

Source: Aberdeen Group, November 2008

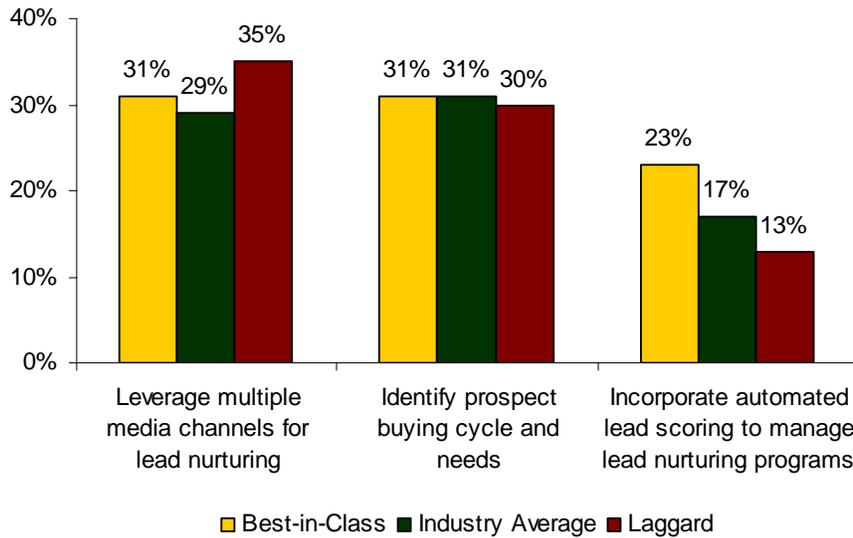
Best-in-Class Lead Nurturing Strategies

The top two pressures driving investments or focus on lead nurturing for all respondents is the need to increase top line revenue (56%) and the need to increase sales productivity (60%). These pressures manifest themselves in different ways for sales and marketing. Marketing departments are turning to measurement to articulate and justify their impact on top line revenue. More importantly when measured appropriately, marketing can actually measure their specific impact in the sales funnel. Sales in turn becomes even more efficient and effective through lead nurturing. All organizations recognize that increased collaboration between sales and marketing is imperative to maximizing sales and marketing effectiveness. Chapter Two will outline the specific capabilities that Best-in-Class leverage to align sales and marketing.

Figure 3 shows that all organizations will seek to improve lead nurturing by leveraging multiple media channels. Most importantly, all respondents realize the value of mapping lead nurturing efforts to their prospects buying cycle.

The Best-in-Class are 1.7-times more likely than Laggards to leverage or plan to leverage an automated lead scoring system to manage lead nurturing.

Figure 3: Lead Nurturing Strategies



Source: Aberdeen Group, November 2008

Lead scoring becomes a powerful way to automatically move prospects through the nurturing program relative to a predetermined score that aligns to specific stages in the buying cycle. Scoring also allows Best-in-Class to automate the delivery of qualified leads directly to sales, at just the right time.

Aberdeen Insights — Strategy

Lead nurturing programs should be mapped to the prospects buying cycle. The buying cycle is the process a prospect goes through before making a purchase. There are typically four phases in a buying cycle (although the definition of a buying cycle can uniquely change depending on the company, industry, and product or service):

Attention > Interest > Desire > Action

Best-in-Class are five times more likely than Laggards to map lead nurturing content to the prospects buying cycle. Content directly impacts the effectiveness of lead nurturing campaigns. Best-in-Class lead nurturing tactics deliver the right content, at the right time, in the right medium (see Chapter Two). Each phase of the buying cycle requires unique content which is designed to support the prospects buying decision (Table 3).

continued

"Buying cycles often take different periods of time depending on the buyer. Thought leadership is critical to strategically moving the buyer through different levels of interaction- this interaction and dialogue is key to closing. Stay with your leads over time. Sales is a numbers game and the more opportunity we have to strategically interact with our buyers, the more probability there is of buying."

~ Gail Robinson, CEO,
TechCom, Industrial
Equipment Manufacturing

Aberdeen Insights — Strategy

Table 3: Nurturing to the Prospects Buying Cycle

Attention	Interest	Desire	Action
Prospect recognizes a need or problem. Lead nurturing content can be used to influence the identification of problems and needs. Content can arouse key challenges but should not include promotions and product marketing messages.	Prospect seeks to address the need internally or externally and begins to research solutions. Prospect can still be influenced to value unrecognized needs, but messaging needs to resonate with top needs. Determine if prospect has budget, need, authority, or timeline by engaging them with content in exchange for form completion and survey questions.	Prospect reaches out to potential solution providers and seeks more detailed sources of information. Stop trying to awaken interest with content. Differentiate with competitive advantages. Prospect is ready to make a decision to purchase from you or a competitor. Introduce marketing messages and promotions.	Prospect evaluates solutions and chooses a solution provider (usually the provider with the most knowledge and information that helped influence what they determine is the ideal solution). Deliver training and best practices materials and after sales support material.

Source: Aberdeen Group, November 2008

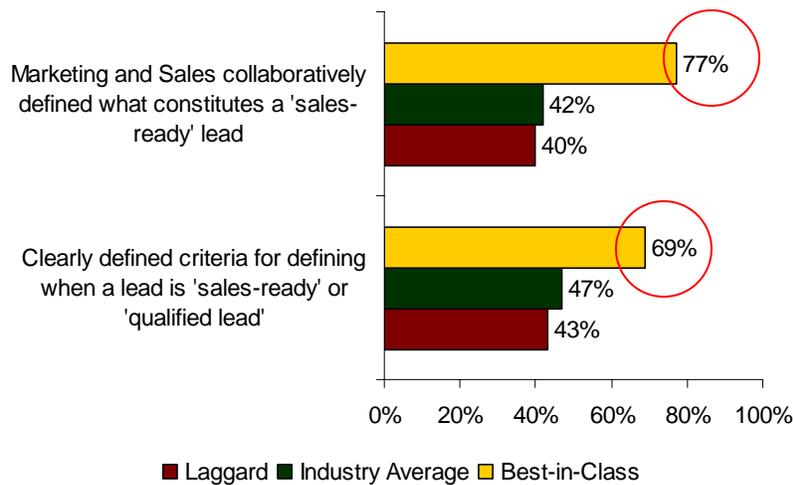
The number one strategy for all organizations in the recent [Lead Prioritization and Scoring: The Path to Higher Conversion](#) report was to leverage lead nurturing to qualify prospects; thus improving the *quantity of quality* leads. As such, a formal understanding of the prospects buying cycle is essential to maximizing the effectiveness of nurturing efforts. Lead management technologies can be used to map a score to the different phases in the prospects buying cycle. A firm understanding of the buying cycle is essential to determining when to stop nurturing and start selling to prospects. Only 12% of all organizations automatically remove leads from nurturing programs, 54% manually remove leads from nurturing programs.

In the next chapter, we will see what the top performers maximize revenue and the number of qualified leads with best practice techniques in lead nurturing.

Chapter Two: Best-in-Class Lead Nurturing Practices

Collaboration between sales and marketing is the cornerstone of effective lead nurturing. Laggard and Industry average constantly struggle with sales and marketing alignment. The figure below show how critical collaboration is for Best-in-Class organizations (Figure 4).

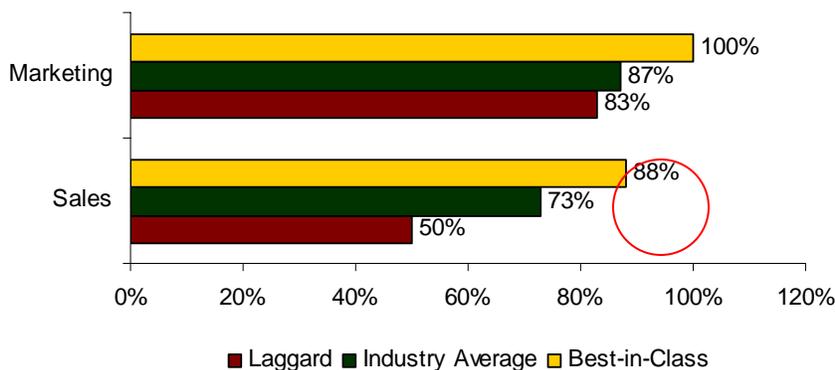
Figure 4: Best-in-Class Align Sales and Marketing



Source: Aberdeen Group, November 2008

Alignment between sales and marketing allows leads to be smoothly passed from marketing to sales and more importantly from sales back to marketing if necessary. Best-in-Class democratize the ability to enter a prospect into a nurturing program (Figure 5). Notice that the Best-in-Class are 1.8-times more likely than Laggards to allow sales to enter leads into a nurturing campaign.

Figure 5: Currently Able to Enter Leads into a Lead Nurturing Campaign



Source: Aberdeen Group, November 2008

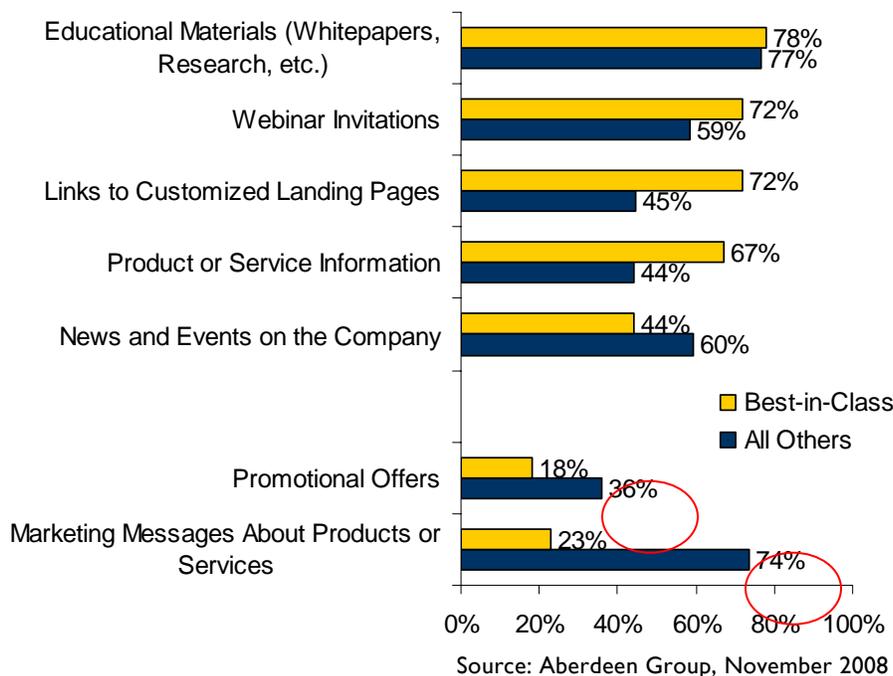
Fast Facts

- ✓ The average lead nurturing program for all respondents lasts for 6 to 12 months
- ✓ The Best-in-Class are two-times more likely than peers to distribute case studies over lead nurturing campaigns - demonstrated success of solutions and services is a top criteria for buyers when evaluating a purchase decision

Developing Content for a Lead Nurturing Campaign

The objective of lead nurturing is not to openly sell or market to prospects. The goal is to solidify your company as a trusted advisor and a thought leader; a source of information which prospects rely on to make an informed decision at the right time in the buying cycle. The research proves that marketing messages and promotional offers which Industry Average and Laggard organizations incorporate (along with education materials) simply do not wield the performance improvements these organizations desire (Figure 6).

Figure 6: Offers Distributed in Lead Nurturing Campaigns



Case Study — Lead Nurturing (Software Industry)

A leading provider of on-demand financial planning technology was concerned that their cost per lead was too high for industry standards. Every few weeks, about one hundred leads were passed from marketing to sales. The VP of Sales anticipated his group was qualifying approximately 10% of these leads and entering them into their CRM tool. The remaining 90% of leads that were not yet ready to purchase were often ignored by sales as they did not represent short term opportunities. Friction between the sales and marketing groups began to surface as marketing felt like sales should be closing more than 10% of the opportunities they received, and sales felt like marketing should be delivering better opportunities.

continued

Case Study — Lead Nurturing (Software Industry)

Analysis revealed that marketing was qualifying prospects based on budget, need and authority, but not necessarily timeframe of purchase. As a result, many qualified opportunities were slipping through the cracks at the top of the sales funnel because they were simply not ready to make a purchase. The new Director of Marketing had prior experience with a lead management solution. She launched an initiative to optimize the sales and marketing lead management processes with the wisdom she gained from past experience. Step one involved bringing together sales and marketing leaders to identify the formal definition of a lead. Leads were then identified as marketing qualified leads (which represented leads that were passed on to the sales organization as relevant opportunities that sales needed to talk with immediately) and sales qualified leads (which were formally moved deeper into the sales pipeline as real opportunities).

The next step was to build a formal lead nurturing program. The company implemented a lead management technology to automate the distribution and tracking of leads within the marketing and sales cycles. The tool also integrated with their CRM application and data was used from CRM to help identify the "ideal lead." Then, a lead nurturing campaign was built using the lead management technology. The campaign delivered an introductory email, a direct mailer with the same message, and a series of follow-up emails. Leads were scored based on their interaction with the email messages and their relative phase in the buying cycle. "The campaigns were designed to educate, not sell," said the Director of Marketing. "The goal was to become the thought leader and trusted advisor for individuals who expressed interest in our solution but were not yet ready to purchase."

The lead nurturing program generated a 300% increase in the number of weekly marketing qualified leads after the first nine months. "It takes a little time to build up the pipeline from the nurturing program, but this program without a doubt exceed everyone's expectations," said the Director of Marketing. Previously ignored leads became profitable opportunities over time after being added to the lead nurturing campaigns.

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge**

management (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 4) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 4: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Sales can send formerly qualified leads back to marketing for further nurturing		
	65%	37%	23%
Organization	Lead Administrator or individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data		
	58%	32%	20%
Knowledge	Clear understanding of how available lead nurturing marketing content maps to the prospects challenges		
	42%	21%	8%
Technology	Technology that supports lead nurturing:		
	<ul style="list-style-type: none"> ▪ 91% email marketing ▪ 80% list management ▪ 50% lead management ▪ 70% survey and feedback tools ▪ 30% trigger marketing 	<ul style="list-style-type: none"> ▪ 77% email marketing ▪ 53% list management ▪ 33% lead management ▪ 44% survey and feedback tools ▪ 23% trigger marketing 	<ul style="list-style-type: none"> ▪ 61% email marketing ▪ 39% list management ▪ 26% lead management ▪ 25% survey and feedback tools ▪ 14% trigger marketing
Performance	Ability to measure the number of qualified leads deliver to sales and the ratio of leads to close		
	77%	51%	48%
	Track lead nurturing revenue to measure the success of marketing programs		
	35%	28%	19%

Source: Aberdeen Group, November 2008

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class reveals these organizations leverage a combination of unique practices to maximize lead nurturing efforts.

Process

In order to stop revenue leakage at the top of the funnel, sales reps need to understand what to do with prospects that are partially qualified but not yet ready to purchase. The Best-in-Class are three-times more likely than Laggards to maintain a process to allow sales to send formerly qualified leads back to marketing for further nurturing. This is fundamentally the most important component of fine tuning the nurturing process. Stop losing leads at the top of the sales funnel.

Organization

Sales and marketing alignment is critical to lead nurturing success. This starts with a formal understanding of the customer buying cycle and the sales cycle. Seventy-seven percent (77%) of the Best-in-Class indicated all members of the sales and marketing functions share a common understanding of these cycles. Organizations that have dedicated human resources to manage or own interaction between sales and marketing also tend to achieve higher performance. This may be hard to justify given the addition to headcount, but having an individual to help manage the forecast, close analysis, and pipeline can pay off in dividends through increased efficiency and higher revenue. This dedicated resource should be devoted to aligning sales and marketing, and should have the executive support to dictate any changes that need to be made to optimize this alignment.

Knowledge Management

Internal feedback from both sales and marketing is critical to identifying deficiencies in the lead nurturing process. Fifty-four percent of Best-in-Class organizations collect and leverage feedback from sales to help optimize lead management efforts. Organizations also need to develop and maintain content that maps to each stage in a prospects buying cycle. Generic content is not nearly as effective as purpose driven interaction. The Best-in-Class are five-times more likely to store a knowledge base of collateral, copy, and messages that map to their prospects buying stages.

Technology

Technology plays an integral role in the delivery and measurement of lead management. The top three channels for distributing lead nurturing campaigns include email, phone, and direct mail. Digital media and technologies are powerful tools for measuring the impact of these three channels. Direct mail campaigns should drive prospects to specific landing pages or websites where activity can be tracked and monitored. As such, tools like web analytics, lead management, email marketing, CRM, list management and landing pages are essential components of a Best-in-Class lead nurturing program.

"Any SMB that does not use a Lead Nurturing program or email follow-up campaign is missing the boat."

~ Herb Thompson, Business Development, Inrotel Networks, Telecommunications Provider

Performance Management

The success of lead nurturing efforts is only evident in performance measurement. The research reveals that Best-in-Class companies are more likely to track key performance metrics. These metrics (along with revenue, and return on investment) are used to measure the success of lead nurturing efforts. The Best-in-Class track the following metrics and are confident in their measurements:

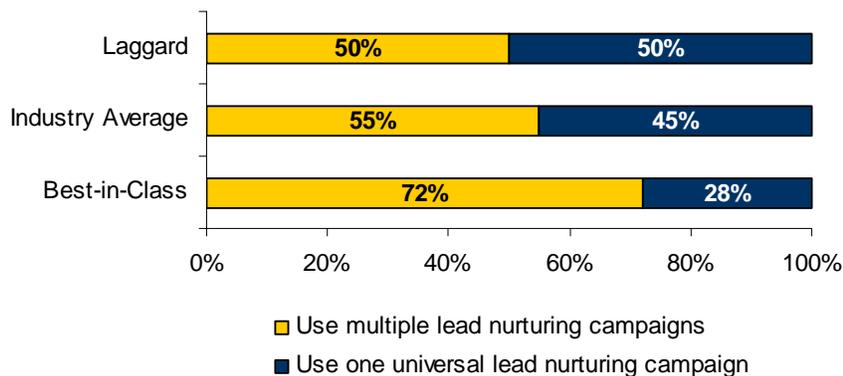
- Cost per lead- 70% track (versus 44% of Laggards)
- Cost per qualified lead- 74% track (versus 41% of Laggards)
- Close ratio on nurtured lead- 70% track (versus 41% of Laggards)
- Lead to sales revenue- 85% track (versus 61% of Laggards)

Seventy-seven percent (77%) of the Best-in-Class measure the number of qualified leads they deliver to sales as well as the ratio of leads to close. This single metric is the core of any lead nurturing program. This is how Best-in-Class marketing departments articulate their superior performance to the rest of the organization and take accountability and ownership for the success or failure of lead nurturing efforts.

Tactical Execution of Lead Nurturing

Every company has a unique customer buying cycle. Many organizations sell products and services that require entirely different buying cycles. As such, it's important that lead nurturing campaigns are relevant to prospects. The Best-in-Class are more likely than their peers to leverage multiple campaigns for lead nurturing. While this increases the complexity of developing content, it also leads to significantly higher performance.

Figure 7: How Many Nurturing Campaigns Companies Leverage



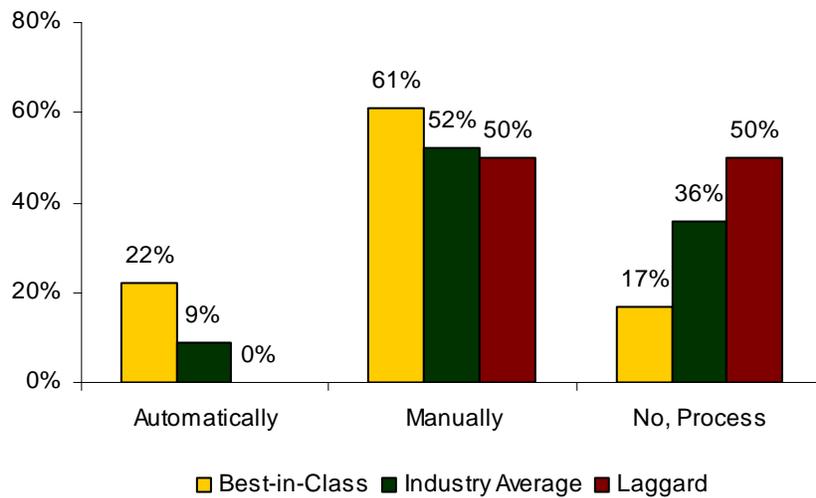
Source: Aberdeen Group, November 2008

When to Let Go

In many cases, nurtured prospects will never turn into potential opportunities. At some point, the organization needs to cut their losses and

stop marketing to these individuals. Repeated communication with un-engaged prospects can negatively impact the brand over time.

Figure 8: How Inactive Leads are Currently Removed from Lead Nurturing Programs



"There must be a lead management process in place that is designed and implemented with sales and marketing buy-in in. Lead nurturing is part of that process."

~ Carlos Hidalgo, Business Development, The Annuitas Group

Source: Aberdeen Group, November 2008

Ideally, organizations should move to an automated process for removing leads from a nurturing program.

Aberdeen Insights — Technology

The Best-in-Class are twice as likely to use automated lead management technologies to monitor lead nurturing campaigns and automate delivery to sales. Half of the Best-in-Class organizations from this study used lead scoring capabilities in a lead management technology. Lead scoring can help organizations automate the removal of inactive leads. Lead scoring allows organizations to automatically deliver relevant content via email, direct mail, landing page, whitepapers, and the website to move prospects through the nurturing program. By assigning a score for each interaction, companies can determine when and if a prospect is ready to move to the next stage in the buying cycle. Automating this process ensures sales-ready opportunities are delivered to sales in a timely fashion; along with granular information on prospect activity, product focus, and needs.

Chapter Three: Required Actions

Whether a company is trying to move its performance in revenue and lead qualification from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Understand how available lead nurturing marketing content maps to the prospects buying cycle and challenges.** Only 8% of Laggard organizations indicate they currently map the delivery of specific content to phases in the buying cycle. Eighty-three percent (83%) of Laggards indicate they deliver educational materials over lead nurturing campaigns; however, the happenstance distribution of such materials fails to maximize the impact of lead nurturing.
- **Reduce the use of marketing messages and promotions in lead nurturing campaigns.** Laggards are three-times more likely than the Best-in-Class to incorporate the promotions and marketing messages in lead nurturing campaigns. Promotions and marketing messages should be introduced at the very end of the buying cycle, just before the prospect is moved to a "sales ready lead." Lead nurturing campaigns should gradually increase the call to action with each communication with the prospect. Laggards need to stop incorporating promotions and marketing messages in the attention and interest phases of the prospects buying cycle.
- **Harness the power of lead nurturing.** Only 16% of Laggards actually leveraged lead nurturing, while 51% of Laggards are planning on leveraging lead nurturing in the future. The Best-in-Class overwhelmingly demonstrate the benefits of lead nurturing. In order to get started, Laggards should consider the following:
 - Identify your prospects buying cycle
 - Ensure both sales and marketing share the definition of a "sales ready lead" - the goal of the lead nurturing program is to drive "sales ready leads" into the pipeline
 - Map available material to stages in the buying cycle, so develop new material to fill gaps and holes
 - Develop a formal process for removing inactive leads from the nurturing program, instead of continuing to do this manually. Ideally technology could automate this process with far greater efficiency than manual processes.
 - Give marketing and sales access to adding leads to a nurturing campaign, at any stage in the sales funnel

Fast Facts

- √ 29% of the Best-in-Class use trigger marketing techniques for lead nurturing (versus 14% of Laggards)
- √ 58% of the Best-in-Class monitor bounce rates in nurturing campaigns and follow up on bounced emails with a phone call

"It is my experience that for an organization to realize the value of lead nurturing, they must first have embraced the role of marketing and the benefits of an integrated sales and marketing organization. Without this, lead nurturing will be seen as just another marketing initiative and will not be supported by senior management."

~ David Dorling, Director of Marketing, Mail Source, Software/Hardware Provider

- Measure performance and adjust marketing messages accordingly

Industry Average Steps to Success

- **Use multi-campaign lead nurturing programs.** Seventy-two percent (72%) of Best-in-Class organizations leverage multiple lead nurturing campaigns (versus 55% of the Industry Average). Multiple campaigns take more resources, and more attention to the unique details of each product or services buying cycle. However, the Best-in-Class demonstrate the extra effort pays off in performance.
- **Enhance collaboration between sales and marketing:**
 - Hire a dedicated lead management administrator to focus on building collaboration between sales and marketing and taking accountability for the success of lead nurturing and lead generation efforts
 - Bring sales and marketing executives together to develop a shared definition for a qualified lead
 - Map out the buying cycle and the sales cycle, and leverage input from both sales and marketing and publish the final definitions to the entire company to formalize a shared vision
 - Marketing should take ownership of driving a specific amount of qualified leads to sales (based on sales accepted definition of a qualified lead)
- **Patience is a virtue.** Lead nurturing campaigns will not deliver immediate results. In many cases, it could be 6 to 12 months before the first qualified leads start to trickle out of the campaign. The entire organization must support lead nurturing efforts for at least the length of a typical buying cycle. However, properly executed lead nurturing will deliver a steady stream of qualified leads once the program is established. Marketing should measure and monitor the flow of leads to sales; this is a testament to marketing's direct impact on the pipeline and contribution to top line revenue.

"Give it time - it takes several quarters to really pay off."

~ David Taber, IT Consulting
and Resources

Best-in-Class Steps to Success

- **Incorporate scoring into lead nurturing programs.** Only 50% of the Best-in-Class actually score leads using an automated lead management technology. Automation allows leads to flow smoothly from marketing to sales. Scoring can also help identify inactive members of a lead nurturing campaign to remove them from communications. This reduces the risk of over communicating to prospects causing a negative brand influence.
- **Map available content to the prospects buying cycle.** Even the Best-in-Class fail to leverage this capability to the full extent.

The distribution of content is critical to the success of lead nurturing programs. Nurturing requires the right content to be delivered at the right time, in the right medium. The only way to know exactly what content to deliver and why is to sit down and identify how content will truly resonate with prospects and specific phases in the buying cycle.

- **Track revenue from lead nurturing efforts to measure the success of nurturing programs.** The success of lead nurturing efforts can only be realized if companies measure performance. By recognizing not just the flow of leads, but the flow of revenue, Best-in-Class organizations can continue to justify the resources that go into lead nurturing efforts.

The research demonstrates that in order to maximize lead nurturing, organizations must embrace a unique set of processes and tactics. Aberdeen's research uncovered exactly what top performing organizations do to extract superior value from nurturing efforts.

Aberdeen Insights — Summary

Organizations across the globe are responding to economic conditions with greater emphasis on maximizing marketing and sales effectiveness. Successful organizations cannot afford to spend money generating qualified leads that slip through the pipeline when they do not result in immediate opportunities. Lead nurturing is a powerful example of how every organization can maximize lead generation efforts. The Best-in-Class demonstrate the impact lead nurturing can have on performance. They also outline the exact capabilities that must exist to maximize lead nurturing efforts.

The goal of lead nurturing is to solidify the company as a trusted advisor and a source of thought leadership for prospects and customers. By doing so, companies will ensure that the products and services are top of mind when prospects or customers are ready to spend. Successful companies will embrace lead nurturing techniques, especially during economic downturns.

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Appendix A: Research Methodology

Between October and November 2008, Aberdeen examined the use, the experiences, and the intentions of 213 enterprises using or considering lead nurturing.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on lead nurturing strategies, experiences, and tactics.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: marketing (52%), business development (28%), sales (10%), other (10%); senior management (38%), and director / manager (62%).
- *Industry:* The research sample included respondents from: software / hardware (35%), IT consulting (20%), finance and banking (5%), and other industries (40%).
- *Geography:* The majority of respondents (74%) were from North America. Remaining respondents were from the Asia-Pacific region (10%) and Europe (17%).
- *Company size:* Eleven percent (11%) of respondents were from large enterprises (annual revenues above US \$1 billion); 20% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 69% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Fifteen percent (15%) of respondents were from large enterprises (headcount greater than 1,000 employees); 24% were from midsize enterprises (headcount between 100 and 999 employees); and 61% of respondents were from small businesses (headcount between 1 and 99 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which lead nurturing is deployed in their organization
- √ The structure and effectiveness of lead nurturing strategies
- √ Current and planned use of lead management technology
- √ The benefits, if any, that have been derived from lead nurturing practices

The study aimed to identify emerging best practices for lead nurturing usage and to provide a framework by which readers could assess their own management capabilities.

Table 5: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, November 2008

Table 6: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, November 2008

Table 7: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, November 2008

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- [Cross-Channel Campaign Management: Next Generation Multichannel Marketing](#); October 2008
- [Tiering and Scoring Leads: Key Insights from a Lead Scoring Study](#); August 2008
- [Lead Scoring and Prioritization: The Path to Higher Conversion](#); May 2008
- [Best-in-Class Lead Prioritization and Lead Scoring Techniques](#); May 2008
- [The CMO Strategic Agenda: Automating Closed Loop Marketing](#); March 2008
- [The Sales and Marketing Technology Integration Roadmap](#); February 2008
- [CMO Strategic Agenda: Demystifying ROI in Marketing](#); February 2008
- [The Convergence of Sales and Marketing Technologies](#); December 2007
- [Demand Generation: Kick-Start Your Business](#); September 2007

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

Author: Ian Michiels, Practice Leader- Customer Management Technology Group, ian.michiels@aberdeen.com

Since 1988, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.2 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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