Improve Your B2B Conversion Rate by 15-25 Percentage Points
The Four Keys to Effective Business Marketing

Part 2 of 4 – Sophisticated Lead Scoring

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Introduction – Four Keys for B2B Lead Conversion

While the primary objective of marketers may be simply defined -- cost effectively generate, nurture, and ultimately help to convert, high-quality leads -- execution towards that goal can be a complex undertaking. Unlike their counterparts in companies that sell to consumers, marketers that sell to businesses (B2B) are often faced with longer sales cycles, more circuitous customer buying journeys, and coordination with a field sales organization and/or channel partners that are intimately involved in lead generation and sales.

Unsurprisingly, B2B marketers experience many challenges in navigating this landscape. In particular, it’s difficult to discern what works and what doesn’t along the complex and lengthy customer journey. In an extreme form, B2B marketers may be viewed as a sales support team, providing little or no quantifiable benefit to increasing the number of qualified leads or the conversion of those leads. The good news: there are tactical steps that B2B marketers can take to measurably increase sales.

In examining a broad swath of B2B marketers, Altman Vilandrie & Company has identified four best practices that differentiate successful marketing organizations from all others:

1. Map the customer journey and reassess on a regular basis
2. Develop an advanced lead scoring process with a feedback loop from sales to marketing
3. Standardize the lead handoff process by establishing formal service level agreements and handoff points
4. Involve both sales and marketing teams to pursue upsell and cross-sell opportunities

Only ~15% of firms employ all four of these best practices – detailed customer journey mapping, sophisticated lead scoring, standardized lead handoff, and collaborative pursuit of upsell and cross-sell opportunities. These top firms have 15 to 25 percentage point higher conversion rates of marketing qualified leads (MQLs) to sales.

Our findings are based on the 2017 Altman Vilandrie & Company Digital Media Diagnostic Survey with 190 B2B marketing decision-makers from US companies with over $100 million in annual revenue; interviews with B2B marketers across the TMT space; and our industry experience.

This paper addresses the specific findings related to lead scoring. The related papers on other best practices can be found here: http://www.altvil.com/our-ideas/avco-study-four-business-marketing-strategies/

Sophisticated Lead Scoring

Lead scoring is the practice of defining lead stages, such as MQL and Sales Qualified Leads (SQL), as well as prioritizing prospects within those stages. Although 80% of B2B marketers use lead scoring, these marketers exhibit a wide range in both discipline and sophistication. Less sophisticated lead scoring systems may categorize a lead as “marketing qualified” based on a single action (such as a whitepaper download) while more sophisticated ones use predictive analytics, artificial intelligence, and third-party sales data to estimate conversion probability and customer lifetime values.

The complexity of optimal lead scoring stems from the selection of parameters, scoring of parameters, and disciplined reassessment. Key parameters include firmographics, buyer profiles, marketing touch points, prospect actions, and potentially third-party data; these parameters should be tailored based on industry, segment, and product dynamics. While platform-as-a-service (PaaS) providers primarily rely on trial downloads to identify interest level, telecom operators focus on the urgency of the opportunity (i.e. the lead’s contract expiration date with its current provider).
The figure below displays common customer actions used in lead scoring and highlights differences by product complexity. While all companies view standard digital activities and inbound requests as crucial for identifying leads, companies with highly complex products rely on more interactive triggers (e.g. inbound communication and event registration).

**Example Customer Actions Used in B2B Lead Scoring**

| Customer Actions Used in Determining Whether Prospects Qualify as MQLs (% of B2B respondents) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Inbound communication           | Event registration/sign in      | Website visits                  | Content downloaded              | Email registration              | Webinar attendance              | Display or video ad clicks      | Social media activities         |
| 66%                             | 59%                             | 62%                             | 58%                             | 54%                             | 52%                             | 64%                             | 57%                             |

*Event registration more important for firms with complex products while website visits more important for firms with simple products*

| Customer Actions Used in Determining Whether Prospects Qualify as SQLs (% of B2B respondents) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Request for pricing/payment     | Request for sales appointment   | Customer creating a cart        | Request for content marketing   | Request for demo                |                                |                                |
| 71%                             | 59%                             | 66%                             | 58%                             | 58%                             | 53%                             | 53%                             |

*Requests are generally most important, apart from demos*

Like customer journey mapping, lead scoring needs to be regularly refined based on a feedback loop. Feedback from sales on the quality of MQLs and analysis of historical data are critical to improving parameter selection and scoring, which can lead to increased sales conversion. Companies using lead scoring have 6 to 10 percentage point higher conversion rate of MQLs to sales – with more sophisticated companies on the high end of that range.

**Conclusion**

Only 15% of B2B companies are using all 4 of these best practices, meaning 85% of B2B companies may be able to increase conversions significantly by implementing the remaining best practices they haven’t covered. However, B2B marketing is not one-size-fit-all and best practices should be adapted based on company characteristics. Company size, industry, geography, in-house marketing capabilities, product complexity, product lines, industry, target accounts, sales cycle, and sales channels are just some factors to consider when implementing these research findings.

To recap, the best practices are:

1. Map the customer journey and reassess on a regular basis
2. Develop an advanced lead scoring process with a feedback loop from sales to marketing
3. Standardize the lead handoff process by establishing formal service level agreements and handoff points
4. Involve both sales and marketing teams to pursue upsell and cross-sell opportunities

Although optimal implementation of these practices may be challenging, the ROI can be sizeable. The figure below shows the incremental percentage point lifts (in terms of MQLs to sales conversion) that B2B marketers can obtain from each of the best practices. The conversion rate lifts above the bars are based on implementing best practices one after another (sequentially). The percentage point lifts stated in the previous sections are based on implementing individual best practices standalone; these lifts are also listed below the chart:

Conversion Rate Lifts From Implementing Best Practices, Sequentially and Standalone

About Us

Altman Vilandrie & Company is a strategy consulting group that made a calculated decision to focus exclusively on just a few industries – Telecom, Media and Technology. Why? We’re passionate about these incredibly dynamic industries and love the challenge of constantly staying ahead of the ever-changing environment.

Not only does this industry-specific philosophy set us apart, but also it allows us to deliver better advice quickly. We rely on our deep industry knowledge and advanced analytics to develop tailored recommendations. We give honest, independent advice and our clients see us as trusted advisors and partners. Furthermore, all of our consultants are highly analytical, creative and strategically minded, with a passion and expertise in these industries.
AV&Co. has helped clients with a wide range of B2B and B2C marketing needs from reorganizing entire marketing departments and rigorous attribution modeling to operational / tactical implementation. In past work, our recommendations have improved online sales, site visits, CTR, and conversions from single digits to 20%.

Our clients are operating companies including service providers, equipment manufacturers, content creators/aggregators, as well as private equity investors.

_Stefan Bewley, Kate Rodriguez, Madison Rezaei, Jon Cheung and Ajit Vakharia contributed to the development of this paper._