



# 2016 LEAD SCORING SURVEY REPORT

EXCLUSIVE NEW RESEARCH SHOWS GROWING GAP  
IN **EFFECTIVENESS AND MATURITY**



# EXECUTIVE SUMMARY

Long considered a core component of demand generation programs and a key functionality of marketing automation, lead scoring is seeing mixed success among B2B organizations.

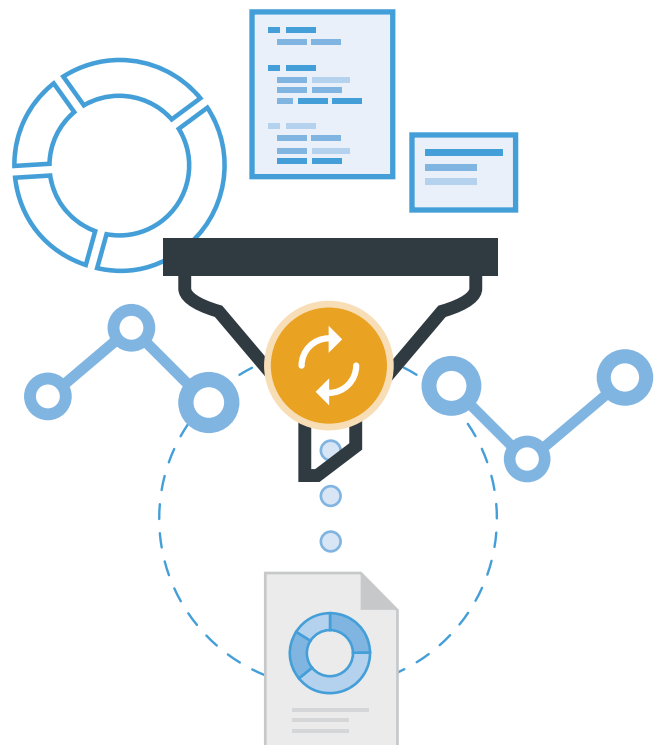
Demand Gen Report's "2016 Lead Scoring Survey," fielded in March and April, found an overwhelming majority of marketers (86%) are using lead scoring as part of their demand gen strategy.

However, nearly half of those surveyed admitted their lead scoring initiatives need improvement, and fewer than 2 in 10 ranked their programs as highly effective. The survey also showed a lack of confidence and buy-in from sales teams among scoring programs, with only 15% of respondents indicating sales would rate leads meeting scoring thresholds as highly qualified, real opportunities.

The survey also showed a clear correlation between the maturity of lead scoring programs and their effectiveness. Among respondents who have been scoring leads for more than two years, nearly three quarters of companies rank their programs as either somewhat effective or highly effective.

Regular reviews and updates of scoring programs also proved to have a clear impact on the success and effectiveness of scoring programs, with ratings of highly effective climbing to 50% among those organizations reviewing their models on a weekly basis.

**86%**  
of marketers are  
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gen strategy.



The silver lining and the ongoing opportunity for lead scoring is that these programs are having a positive impact on the business when they are executed effectively, with more than half of respondents saying they experienced improved marketing and sales alignment from scoring, and more than 40% seeing improved conversion rates among leads.

According to the study results, B2B marketers are using lead scoring programs primarily to:

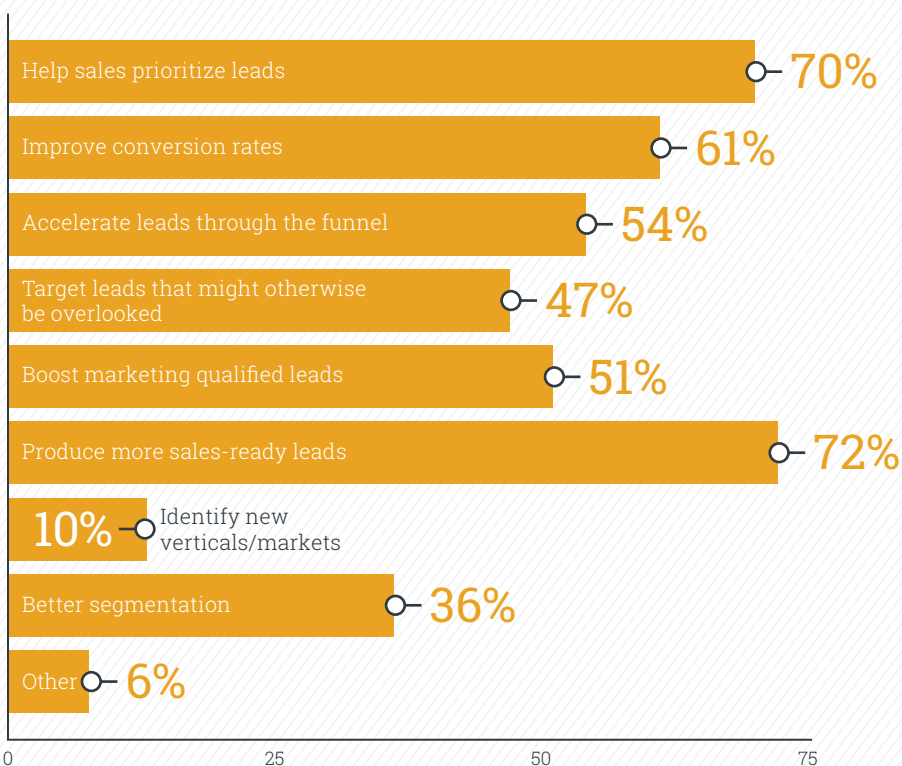
- Produce more sales-ready leads;
- Help sales prioritize leads; and
- Improve conversion rates.

These core goals remain important to B2B organizations. Other goals cited by respondents included accelerating leads through the funnel, boosting MQLs, targeting leads that might otherwise be overlooked, conducting better segmentation and identifying new verticals.

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### What are the goals of your lead scoring program?

(Pick top four)



# LEAD SCORING IS A CORE DEMAND GEN FUNCTION

Of the 86% of marketers using lead scoring, 76% of those respondents have an automated system in place. Eleven percent of respondents are not currently using lead scoring, but indicated they plan to do so within the next 12 months.

Experts indicated those numbers make sense for various reasons, including the fact that lead scoring is typically bundled with marketing automation solutions, but they also cautioned that using lead scoring and using it effectively are two very different realities.

"This makes sense, and we would expect this number to be high," said Erin Bohlin, Research Director at [SiriusDecisions](#). She explained that "many clients activate lead scoring as part of the initial MAP implementation. As a result, the strategy often hasn't been considered, and sales may not have been part of the process."

Other analysts agreed that while some scoring is in place, it may not be fully functional.

"It depends on what they are calling lead scoring," said Craig Rosenberg, Chief Analyst at [TOPO](#), a research and advisory firm.

"I think it's safe to say 70% of marketers have something in place, but a meaningful, complex scoring system is more like less than 20%."

Joe Galvin, an independent B2B Sales Analyst, agreed that those results could be misleading.

"Marketing automation has rapidly gone mainstream over the last several years, and we'll continue to see it expand, reaching beyond 90%," he said. "However, like SFA systems, having a system 'in place' is not the same as maximizing or even getting value from the system."

Thirty percent of respondents indicated they have been scoring leads within their organization for more than two years, and a quarter (26%) have been scoring for more than one year. Another 33% have been scoring for one year or less, so many marketers are just now getting up to speed.

"The high percentage of recently deployed systems and subsequent lead scoring definitions suggest tremendous upside for these systems as their operators became more proficient, skilled and smart about how to leverage the technology," Galvin said.

**76%**  
of Marketers have an automated lead scoring system in place.

**10%**  
of Marketers have a manual lead scoring system in place.

**11%**  
of Marketers plan to implement a lead scoring system within a year.



# LEAD SCORING EFFECTIVENESS NEEDS IMPROVEMENT

Despite wide adoption, B2B marketers are clearly not yet reaping the full benefits of lead scoring programs, according to respondents. Close to half (49%) of those surveyed indicated that lead scoring initiatives within their organizations need improvement. Of that number, 21% cited “needs significant improvement.” Just 17% rated their lead scoring initiatives as “highly effective,” while 34% said they are “somewhat effective.”

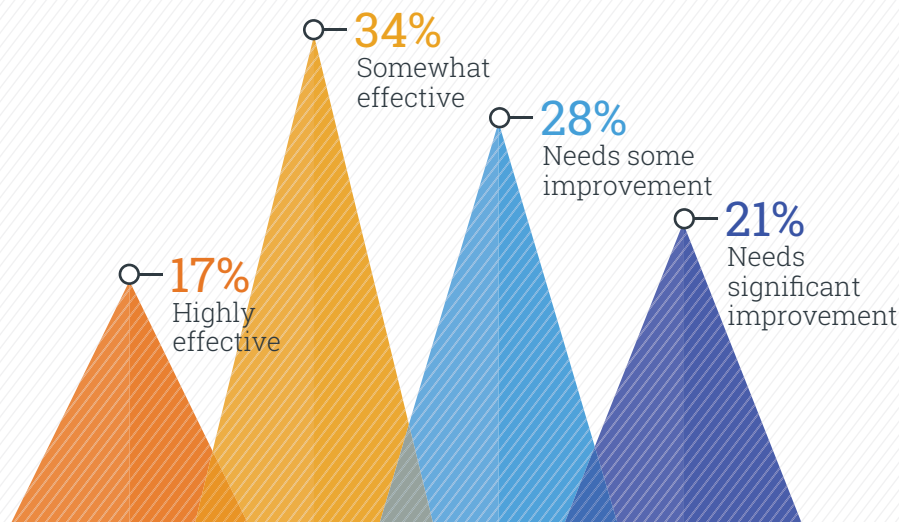
Bohlin indicated that having collaboration between marketing and sales, with sales buy-in, is critical to lead scoring effectiveness.

“Service-level agreements (SLAs) ... support the ability to measure the effectiveness of lead scoring,” Bohlin said. “Accepting and adhering to SLAs improves alignment between marketing and sales and increases a lead scoring model’s chance of success,” she explained. “SLAs provide accountability and governance for the entire lead management process, and lead scoring should identify leads that meet agreed-upon criteria. Significant problems can occur if lead scoring models do not match SLA criteria, or when SLAs are nonexistent or poorly managed and enforced.”

“Accepting and adhering to service level agreements improves alignment between marketing and sales and increases a lead scoring model’s chance of success.”

- Erin Bohlin, SiriusDecisions

How would you rate the effectiveness of your overall lead scoring initiatives?



According to research by SiriusDecisions, more than 60% of lead scoring models are not based on (or supported by) statistical analysis. "Without a baseline or control group, marketers cannot measure the model's performance," Bohlin said. "These types of problems are most severe when receiving functions (e.g. sales) are not included in defining the lead scoring model."

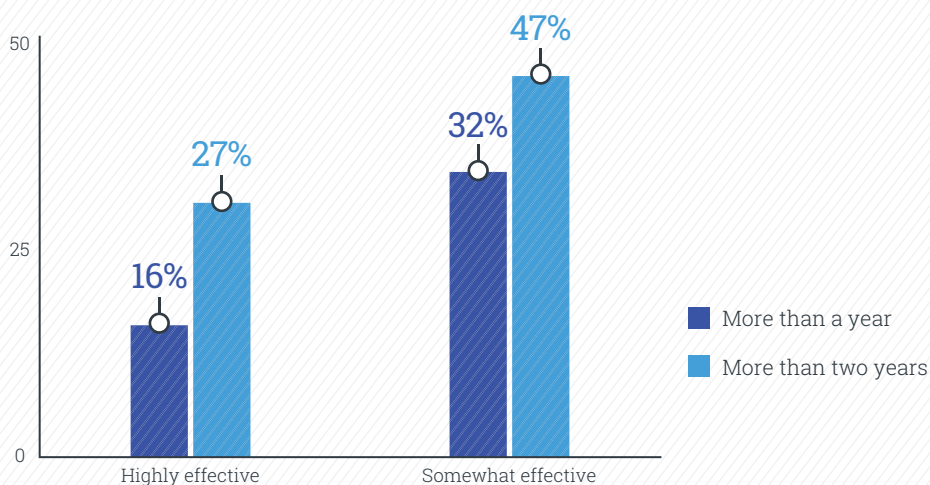
It is worth noting that nearly half of survey respondents (49%) have established lead level definitions based on score and aligned with the sales team. An additional 17% said lead-level definitions have been established, but they are not aligned with sales. Perhaps telling is that 22% have not established definitions at all.

However, the maturity curve clearly makes a difference. When we looked at the respondents who have been scoring leads for more than two years, 47% rated their scoring initiative as "somewhat effective," 13 percentage points above the average, while 27% rated their scoring programs as "highly effective," which was double the average.

Linda West, Director of Digital Marketing at Act-On Software, said she sees a heightened level of maturity among customers and peers with lead scoring. "It's not surprising that lead scoring veterans are more likely to view it as effective," she said. "A lead scoring program should be viewed as a living, evolving process that will get better and better over time."

**22%**  
of survey respondents  
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lead level definitions.

### How would you rate the effectiveness of your overall lead scoring initiatives?



# SALES AND MARKETING ALIGNMENT STILL LACKING FOR MANY

When we asked how respondents to the survey thought *sales* would rate the quality of qualified leads they receive after they have gone through the scoring process, confidence levels dipped precipitously. A majority (70%) said sales would rate them of decent quality, but that many leads would not be sales-ready. The findings suggest there's still significant work to be done for sales and marketing to align toward common metrics, definitions and processes.

Experts agreed that alignment is crucial.

"More important is that the sales and marketing teams all agree to their constructs and live by the SLAs and realize that it will take time for all members of the value chain to get good," Galvin said.

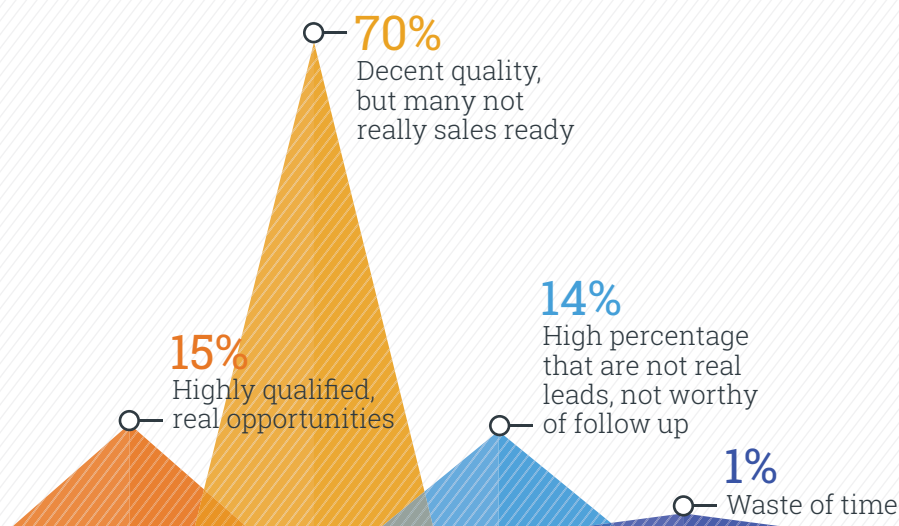
Justin Gray, CEO of [LeadMD](#), suggested that sales and marketing teams need to approach the problem and create the process together.

"A lead should never cross a line," he said. "Sales is a team sport. I think the notion of scoring as a baton pass is the reason why sales and marketing alignment never improves."

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- Justin Gray, LeadMD

How do you think your sales team would rate the quality of the qualified leads they receive after they have gone through the scoring process?



# LEAD SCORING PAYOFFS ARE SIGNIFICANT

There are major payoffs to lead scoring initiatives when these programs are executed well. Among our survey respondents, the biggest payoff cited was prioritized leads (74%). Additionally, more than half (53%) of respondents said that they experienced improved marketing and sales alignment, which suggests for those marketers getting sales involved in the process, the alignment needle is moving somewhat, and in the right direction.

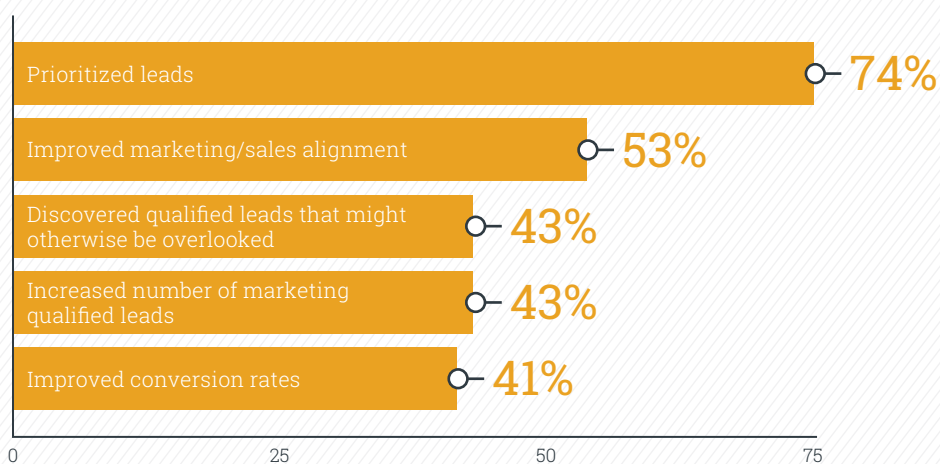
Discovering qualified leads that might otherwise be overlooked (43%); increased number of marketing qualified leads (43%); and improved conversion rates (41%) also figured prominently for survey respondents. Just 32% cited more sales-ready leads as a payoff.

"Modern buyers expect that marketing messages and sales conversations are personalized to their unique needs," said Linda West, Director of Digital Marketing at Act-On Software. "Lead scoring helps companies predict where a buyer is in their purchase journey. This enables companies to meet the buyer's expectation by intelligently tailoring communications and facilitating seamless hand-offs between marketing and sales."

**74%**  
of marketers cite  
prioritized leads as the  
biggest payoff of lead  
scoring initiatives.

## What have you seen as the biggest payoffs you've realized from your lead scoring initiatives?

(Pick top four)





# SHORTAGE OF DATA, MISLEADING BUYING SIGNALS AMONG SCORING CHALLENGES

Challenges abound for organizations implementing and using lead scoring programs. Not surprisingly, a shortage of data to accurately score leads was cited by close to two-thirds (64%) of respondents. Insights into the data that exists is central to effective lead scoring, but data challenges are all too common among B2B marketers.

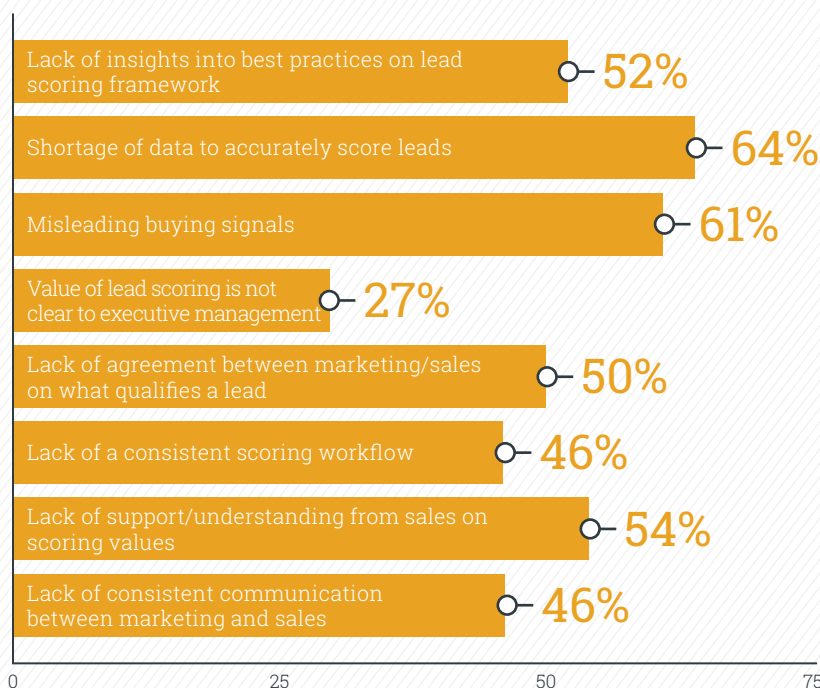
According to Demand Gen Report's 2015 "[Database Marketing And Contact Acquisition Survey Report](#)," 41% of respondents said they don't have enough data on current customers, and 46% said they don't have the time or the resources to implement an effective process for data quality management.

That lack of data, and the 61% of respondents who cited misleading buying signals as a challenge, could signal a need to add predictive analytics to the equation. However, when we asked respondents how predictive analytics benefitted lead scoring initiatives (as compared with traditional scoring methods), the responses suggest user adoption of predictive intelligence simply is not there yet.

Insights into the data that exists is central to effective lead scoring.

## What have you seen as the greatest challenges to your lead scoring efforts?

(Pick top four)



Only 18% saw increased lead quality, 11% saw increased lead quantity and 11% cited both. Eight percent of those surveyed saw no appreciable difference, while 48% are not using predictive analytics at all.

Lack of support and/or understanding from sales on scoring values is also an issue for more than half (54%) of respondents, and exactly half of those polled said lack of agreement between sales and marketing on what qualifies as a lead is among the greatest challenges to lead scoring.

Joe Galvin said successful lead scoring systems take time, but that sales will be impatient for wins. And given the lack of consistent communication between marketing and sales cited in the study, things won't get better in the short term.

"Just because you have a system, get it implemented and operational doesn't mean it is delivering value," he said.

"Marketing automation programs, like SFA and other systems, are not as simple as consumer apps. They require a specific set of skills and knowledge that marketing professionals are developing. This takes time. It also takes time to get the cultural adoption in place as the data and leads being generated are demonstrated to be valuable."

He added that "re-training marketers to think differently based on what the technology can do takes time. But don't expect sales to be patient."

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- Joe Galvin, Independent Analyst



# FREQUENT SCORING MODEL REVIEW AND UPDATES ARE CRUCIAL

Respondents to the survey have significant room for improvement based on how often they review and update scoring models. The results also suggest that sales is not adequately involved in the process.

Most respondents said they are either not reviewing and updating models (23%); they are doing so on a yearly basis (26%); or doing so on a quarterly basis (28%). A mere 9% review scoring models monthly, and 6% do so on a weekly basis.

LeadMD's Gray said unequivocally that scoring should be evaluated daily. "Scoring gets evaluated daily whether marketers are listening or not," he said.

Experts agreed frequency is key, as are defined processes and documentation.

"Lead scoring programs should be regularly evaluated by a joint sales and marketing taskforce; It's essential that the program is continually refined, adjusted to changes in the market, and tailored to fit your ever-evolving business objectives," West said.

"Re-training marketers to think differently based on what the technology can do takes time. But don't expect sales to be patient."

- Joe Galvin, Independent Analyst

## How often do you review/update your scoring model?



SiriusDecision's Bohlin said the numbers don't necessarily point to confidence in the scoring model, but rather "brings up questions about the lead management process, including the nuance of whether a lead has been 'kicked back' from sales (e.g. disqualified) or 'pulled back' by marketing due to non-activity or lack of SLA adherence."

She added that only "by establishing feedback loops and formalizing a set of disqualification reason codes, will marketers be armed to make more informed decisions about the lead scoring model. The best way to gain confidence from sales is to include them from the beginning."

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# MORE FREQUENT SCORING MODEL UPDATES LEAD TO BETTER RESULTS

Respondents who are reviewing models frequently are seeing better results, according to our survey. For example, of those who review models on a weekly basis, 50% said their lead scoring initiatives are highly effective, and 12% indicated they are somewhat effective. Those effectiveness ratings drop along with less frequent updates.

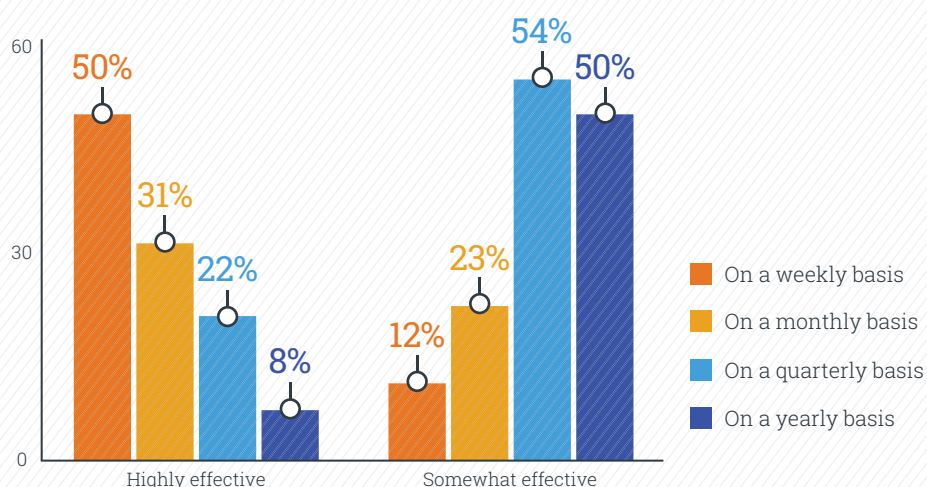
Refinements can be made to these initiatives when they are frequently reviewed. Act-On's West said marketers would be wise to look at the process as an ecosystem undergoing constant change.

"With lead scoring, marketers have a lever to pull to increase or decrease the number of lead kickbacks they get," she said. "If you are getting too many kickbacks (or direct complaints) from sales on lead quality, then it's a good time to re-evaluate your scoring model. You can simply raise the threshold for what you consider a sales-ready lead OR adjust the factors and weights you're using in your model.

Setting up seamless process flows between marketing and sales is essential to tight alignment. Lead kickbacks will happen, no matter how good your scoring model is. Sales reps should be enabled to seamlessly and automatically return leads to marketing for further nurturing to make sure no lead falls through the cracks. Marketers should think about their lead management process as an ecosystem, not a linear hand-off. And they should regularly check in with sales to get their feedback on leads."

Reviewing scoring models frequently leads to better results, according to the survey.

How would you rate the effectiveness of your overall lead scoring initiatives?





# REVIEW PROCESS NOT FULLY COLLABORATIVE

Fifty two percent of respondents said that marketing and sales are involved in the review process, while 37% cited only marketing and 9% cited sales.

That signals a disconnect among organizations using lead scoring programs, particularly with more than a third citing that marketing alone handles this important aspect of lead scoring.

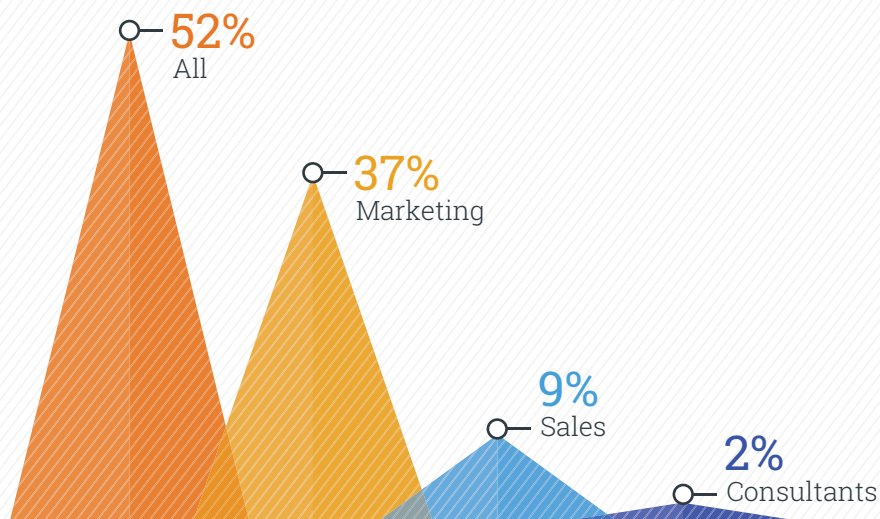
Experts agree sales buy-in is critical, and it ties back to the need for frequent and collaborative review of scoring models by both marketing and sales.

"You can equate it to gardening," West said. "The more you prune, water, and feed your plants, the more fruitful your harvest. Regular maintenance and care are essential to successful lead scoring programs."

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## Who's involved in the review process?



To set up a scoring model, 37% of respondents said they manually set up the model, while 34% said the scoring model came with their MA platform. Eighteen percent of respondents indicated they partnered with third-party lead scoring experts and consultants.

Justin Gray said that companies implementing lead scoring initiatives need to be integrally involved and must lead the effort. "Your vendor doesn't dictate your buyer," he said. "I have seen over 1,000 MA instances personally and ... I think that every organization is unique and matures daily. I'd love to see someone argue with me that a lead scoring methodology can come from a box or an article. In every case, it's an exercise.

That exercise, as Gray put it, is the foundation of all effective lead scoring initiatives. Despite the small number of respondents (2%) who indicated they partnered with consultants and third parties in the review process, 18% of respondents said they do rely on partnering with third-party experts and consultants to help them set up the scoring model initially. That investment may make sense for marketers who decide not to go it alone.

Sixty-five percent of respondents who worked with third party lead-scoring experts and consultants to set up their scoring model said their lead scoring efforts are somewhat or very effective. That is a major jump from the 51% of respondents overall who rated their efforts somewhat or very effective.

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## ABOUT THE SURVEY

Demand Gen Report's 2016 Lead Scoring Survey polled 145 marketing executives about their lead scoring strategies and initiatives.

Nearly one-half of the respondents (47%) were at the director level or above.

The top three industries represented were software/technology (37%) professional services (20%); and technology/enterprise IT (17%).



Act-On Software is a marketing automation company delivering innovation that empowers marketers to do the best work of their careers. Act-On is the only integrated workspace to address the needs of the customer experience, from brand awareness and demand generation, to retention and loyalty. With Act-On, marketers can drive better business outcomes and see higher customer lifetime value. The Act-On platform provides marketers with power they can actually use, without the need for a dedicated IT resource.



Demand Gen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

