OVERVIEW

In follow up to the 2007 InsideSales.com Lead Response Management Study presented at the 4th annual Marketing Sherpa’s Summit, this study employs analysis on a much more extensive data set and isolates key variables giving new insight into response time effectiveness in B2B and B2C lead qualification. Working from a sample pool of over 1 million observations representing 38 remote sales companies this study reaffirms the conclusions of the previous study that response time is vital in lead response management. It also explores effectiveness in response times associated with combination of multiple media methods between telephone and email contact. The study analyzes data by isolating B2B and B2C data points in survival probability over long- and short-term response life cycles, assessing the rates between the lead “interest event,” contact, and qualification. At a more granular level this study compares a set of four specific industry verticals to determine response time versus lead qualification effectiveness. Summarized below are some of the significant findings of the study:

1. In B2B contacts a very early response is exponentially more effective.
2. Analyzing B2C leads within the first 16 minutes after interest event, 90% of total qualifications resulted from the combination of phone then follow up email. Conversely, combining email then phone was extremely ineffective.
3. Tech industry verticals showed a sharp drop off in response effectiveness within 20 minutes of the interest event.
4. The effectiveness of contacts made at 5 minutes after interest event was 7.8 times more likely to qualify than at 30 minutes, with a continued sharp drop-off in effectiveness over time.
5. Qualifying leads was 32 times more successful when contacting 1 hour after interest event versus 24 hours.
6. Backing off 2 to 10 hours after a call before emailing was more effective than emailing within the first hour and backing off for 13 hours from calling after an email was 2.76 times more effective than calling immediately.
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LEAD RESPONSE MANAGEMENT STUDY - OCT. 2007

This study draws from the lead response data of 24 B2C and 14 B2B remote sales companies. Over a 12 month period these companies generated 1,060,913 B2C and 126,695 B2B observations, totaling $N = 1,187,608$. Each company utilized varying contact approaches and methodologies in defining the key metrics of created, contacted, and qualified, so the data from each was normalized in order to treat the full set of observations as an aggregate. The analysis in this study is based on the Cox semi-parametric proportional hazards model and the Kaplan-Meier product limit estimator where “survival” over time indicates the likelihood of an event occurring (e.g. a qualification). For hazard ratios the resulting B2B and B2C bar charts are superimposed to make direct visual comparisons. In the Kaplan-Meier plots the theoretical probability begins with 100% at zero seconds, then drops off, and varies over time onwards. In each analysis the number of observations ($N$) is noted, though the number varies between sets because in each case there were some observations that were not applicable and were consequently excluded. This data set represents a snapshot in time of behavior, but it helps identify significant trends that can help in modeling future response management strategies.

This study focused on one question:

What is the time interval for B2B and B2C companies to contact new leads for optimal qualification rates?
To standardize the meaning of the results, the following definitions and terms were used:

### STUDY TERMS & DEFINITIONS

<table>
<thead>
<tr>
<th>FOUR DATA POINTS IN THE LEAD LIFE CYCLE</th>
<th>DATA DEFINITIONS</th>
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<tr>
<td>LEAD CREATED TIME—the date and time that a web-form was filled out and submitted by a lead.</td>
<td>CALL/DIAL—a call or dial is the physical action of a sales or lead generation calling a lead.</td>
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<td>FIRST DIAL ATTEMPT TIME—the first date and time that a sales or lead qualification representative attempts to call or dial a web lead.</td>
<td>CONTACT—for the purposes of this study, a contact is defined as a call that connects with a live person and lasts a defined number of seconds.(^1)</td>
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<td>FIRST CONTACT TIME—the first date and time that a sales or lead qualification representative makes a successful contact.</td>
<td>QUALIFY—a qualification is a stage in the lead nurturing process where that lead is willing to enter the sales process—in some cases this means that a lead sets an appointment with a sales representative to begin the sales process.(^2)</td>
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<tr>
<td>FIRST QUALIFICATION TIME—the date and time that a lead becomes qualified</td>
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### DETAILS

#### I. CREATED TO CONTACTED ANALYSIS

The analysis of B2B and B2C multimedia response time effectiveness tracked phone and email as the first contact after the lead creation.

### PHONE

Both B2B and B2C contacts showed an extremely rapid drop off, allowing only 1 minute before dropping to 28% for B2C and 16% for B2B. After that rapid drop, both similarly declined and leveled off within a few minutes. B2B dropped off at a slightly gentler rate, allowing for a little extra time. B2C allowed practically no delay before the leads began growing cold.

![Image of created to contacted B2B/B2C comparison graph](image-url)
There was a rapid drop after the first hour for both B2B and B2C lead contacts. By the second hour the qualification rate dropped to approximately 12% for B2C and 14% for B2B. B2C qualifications were 8.4 times more likely to occur within the first hour compared to waiting for the second hour, similar to the rate of 7.4 times for B2B. Waiting for the 24th hour to call back was 74.4 times less effective than calling in the first hour for B2C and 66% less effective for B2B.
Our next question was to see if there is a better time of day to call to get optimal contact and qualification ratios. We used the same definition of terms for call (attempt), contact, and qualify.
II. CREATED TO QUALIFIED ANALYSIS:

The analysis of B2B and B2C multimedia response time effectiveness utilized combinations of contact methods including:

- Email Only
- Email then Phone
- Phone Only
- Phone then Emails

SHORT TERM (16 MINUTES) B2B / B2C COMPARISON

Phone followed by email clearly stood out as most effective for B2B lead qualification for short-term observations. Phone was only a distant second, but was still strong for qualifying leads. In B2C observations it seems all methods followed a similar gradual slope down with no clear optimal approach.

Phone contact allows a bit more time in following up and shows more receptiveness while initial email contact is a turn off.

B2B

The multimedia approach of contacting first by phone then following with an email is significantly more effective than all other combinations, comprising 90% of total qualifications. Conversely, emailing first then following with phone contact loses effectiveness almost immediately. Phone contact allows a bit more time in following up and shows more receptiveness while initial email contact is a turn off.
This plot has an almost constant slope suggesting that lead qualifications are directly proportional to the response time. Immediate response is strongly correlated with results. The effectiveness drops to zero at 16 minutes in all cases, so speed is critical.

**B2B**

Once a lead shows interest there is a space of approximately 20 minutes that is most effective for qualification. Beyond 20 minutes the probability of qualifying the lead levels off and gradually degrades to zero within 24 hours, where all contact methods are equally ineffective. After the sweet spot of 20 minutes has past it takes a lot more effort and an aggressive contact approach to pursue qualifications.

**SHORT TERM (24 HOURS) B2B / B2C COMPARISON**

B2B contacts reacted well to phone only, matching up with a phone and email combination at about 14 hours, and email alone dropped off sharply within an hour and stayed at the bottom. B2C contacts reacted well to email for the first 4 hours, then transitioned to telephone, spanning out to 12 hours before slumping down again. Multimedia combinations yielded relatively poor lead qualification rates throughout the time period.
Response speed is vital since the effectiveness drops off rapidly. It does level off at about 1 to 2 hours, but the probability dropped below 50% by that time. Past 2 hours the effectiveness levels off and only gradually declines through the day, but dies off entirely by 24 hours. This study ran plots isolating the 5 working days of the week over the same 24 hour span but with only marginal differentiation.

**Action in the first 1 to 2 hours can yield over 50% effectiveness, but a long plateau of under 30% opens up from 2 to 14 hours.**
LONG-TERM (6+ MONTHS) B2B / B2C COMPARISON

Surprisingly, B2B leads are much more enduring than B2C leads. Unlike the B2C leads, they last several months before going completely cold. In fact, telephone contact may keep many of these leads active for four months or more. B2C lead phone contacts cooled off significantly within one month and leveled off to modest results at 2+ months. B2B leads react best to email alone, but the effectiveness drops off sooner than B2C and levels out at a low rate around 6 months. Neither showed a boost from combining phone and email in the approach.

B2B

This plot shows that phone contact stands out as the best method up to the point of approximately 4 to 6 months, when email overtakes in effectiveness. After about 4 months the effectiveness of phone contact drops to the point where a cheaper nurturing approach makes sense. It is apparent that the combination of multimedia contacts is overwhelming and cuts effectiveness significantly.

B2C

This time scale proves to be inappropriate for studying effective response rates since the drop to zero is almost immediate. Analyzing the type of media seems insignificant since none of them stands out convincingly, though the approach of email is only reasonable up to 6 months since it is inexpensive and requires minimal effort. Certainly after 4 to 6 months all methods are a waste of time.
The sectors of communications and information technology are highly time sensitive, showing a rapid drop-off almost immediately in the timeframe of this chart. Software as a Service (SaaS) and professional services firms showed a moderate and more leveled drop-off, and financial and healthcare lead qualifications were reasonably effective out to 24 hours.
III. CONTACTED TO QUALIFIED ANALYSIS:

The analysis of B2B and B2C multimedia response time effectiveness utilized the following contact method combinations:

- Dial then email
- Email then dial

1. It was not apparent to draw a real trend from the data. It is clear that emailing too soon yields a poor qualification rate. The data was spread out and neither was highly successful, but B2C showed a more favorable reaction to a follow up email after phone contact.
Following up an email with a phone contact resulted in much different behavior for the two sets. B2B leads started our lower for the first several hours but showed an upswing in effectiveness centered around the 13th hour. B2B leads reacted best around the 3rd hour, with a second peak around the 17th hour; they were 8.1 times more likely to qualify from an email in the 2nd hour instead of the 1st, and 10.2 time more likely in the 3rd instead of the 1st. This is as we would expect: B2B leads are much more likely to have seen an email within a few hours, whereas B2C leads require holding off longer to allow them sufficient time to read the email.

Allowing enough time for an email to connect with a B2C lead increases qualifications, but B2B leads don’t want to wait.
ANALYSIS CATEGORIES

The methods for analysis were subdivided into three categories based on their timing in the life cycle of qualifying a lead: created to contacted, which is the time from the “lead created time” to making initial contact; created to qualified, which is the time from making initial contact to qualifying the lead; and contacted to qualified, which is the time from the “lead created time” to qualifying the lead. All methods involved plotting survival probability charts from sample observations (N) and directly comparing B2B and B2C behavior. The study augmented the created to qualified analysis with hazard regression charts and specific industry verticals since they provided noteworthy insight into response management strategy.

1. FOR THE PURPOSES OF THIS STUDY, THIS TIME WAS DIFFERENT FOR EACH COMPANY’S DATA RANGING FROM 2 MINUTES TO 6 MINUTES, BUT CORRESPONDING TO THE DEFINED LENGTH OF A CONTACT WITH THE LEAD RESPONDENT.
2. EACH COMPANY INVOLVED IN THE STUDY HAD THEIR OWN WAY TO INDICATE A QUALIFIED LEAD. THE ANALYSIS OF THE DATA TOOK THIS INTO ACCOUNT.

CONCLUSION

THIS STUDY REVEALED THE FOLLOWING:

1. Analyzing multimedia lead response effectiveness between created, contacted, and qualification time events did reveal statistical significance that encourages further study.

2. Just as in the previous Lead Response Management study of 2007, this analysis reinforces the significance of a timely response to an event of expressing interest.

3. Varying combinations of contact media do show significant differentiation, and targeting B2B or B2C contacts revealed actionable approaches.

4. Sending an email immediately after a phone contact is much less effective than delaying the email for 2 to 13 hours.

5. Response time effectiveness in B2B drops off more sharply than in B2C.
Dr. Oldroyd teaches Negotiations, Leadership and Entrepreneurship at SKK GSB. He also taught at Kellogg and BYU. He holds a PhD in Management and Organizations from the Kellogg School of Management, Northwestern University. Dr. Oldroyd holds an MBA and a BA from Brigham Young University. Dr. Oldroyd has researched and written about the challenges organizations face in learning from their customers. He is the co-author of a recent Harvard Business Review article entitled “The Quest for Customer Focus” (Harvard Business Review, April 2005).

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