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THE INSIDESALES.COM/M.I.T. LEAD RESPONSE MANAGEMENT STUDY

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AT THE MARKETING SHERPA'S BUSINESS-TO-BUSINESS
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THE INSIDESALES.COM/M.I.T. LEAD RESPONSE MANAGEMENT STUDY

OVERVIEW

The behavioural study revealed when sales representatives had success around calling web-generated leads. To find these facts, we looked at leads that were captured through a web form, and attempted or called at least one time. Summarized below are some of the more interesting findings related to speed and timing when responding to web-generated leads:

1. Wednesdays and Thursdays are the best days to call in order to contact (by 49.7% over the worst day) and qualify (by 24.9% over the worst day) leads. Thursday is the best day to contact a lead in order to qualify that lead (by 19.1% better than the worst day).
2. 4–6pm is the best time to call to make contact with a lead (by 114% over the worst time block). 8–9am and 4–5pm are the best times to call to qualify a lead (by 164% better 1–2pm, the worst time of the day). 4–5pm is the best time to contact a lead to qualify over 11–12am by 109%).
3. The odds of calling to contact a lead decrease by over 10 times in the 1st hour. The odds of calling to qualify a lead decrease by over 6 times in the 1st hour. After 20 hours every additional dial your salespeople make actually hurts your ability to make contact to qualify a lead.
4. The odds of contacting a lead if called in 5 minutes versus 30 minutes drop 100 times. The odds of qualifying a lead if called in 5 minutes versus 30 minutes drop 21 times.

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BACKGROUND

THE INSIDESALES.COM/M.I.T. LEAD RESPONSE MANAGEMENT STUDY

Similar to the Kellogg Lead Response Management Survey, but far more statistically significant, this study set out to fill the knowledge gap that exists between marketing and sales, where companies are using intuition and experience to manage lead response timing rather than science.

To begin the study, we engaged with Professor Oldroyd again, who was now a Faculty Fellow at MIT. The study was designed to identify what day of week, time of day and time from creation to call back a web-generated lead for optimal contact and qualification rates. This study did not address close ratios.

We used the data from the InsideSales.com system (critical to this purpose because it generates and stores quantitative call data linked directly with qualitative lead process and flow information).

We examined 3 years of data across six companies that generate and response to web leads, from over fifteen thousand leads and over one hundred thousand call attempts.

We focused on one question for this study:

When should companies call web-generated leads for optimal contact and qualification ratios?

To standardize the meaning of the results, we used the following definitions and terms:

STUDY TERMS & DEFINITIONS	
FOUR DATA POINTS IN THE LEAD LIFE CYCLE	DATA DEFINITIONS
LEAD CREATED TIME —the date and time that a web-form was filled out and submitted by a lead.	CALL/DIAL —a call or dial is the physical action of a sales or lead generation calling a lead.
FIRST DIAL ATTEMPT TIME —the first date and time that a sales or lead qualification representative attempts to call or dial a web lead.	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
FIRST CONTACT TIME —the first date and time that a sales or lead qualification representative makes a successful contact.	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
FIRST QUALIFICATION TIME —the date and time that a lead becomes qualified	
<small>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.</small>	
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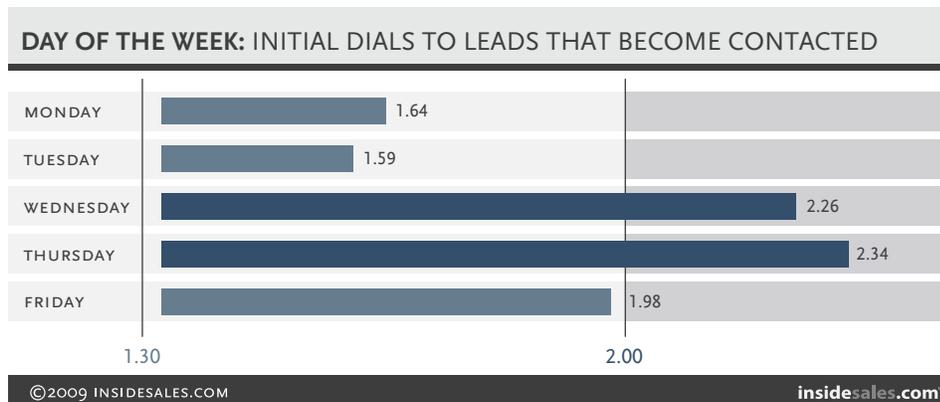
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4. The odds of contacting a lead if called in 5 minutes versus 30 minutes drop 100 times. The odds of qualifying a lead if called in 5 minutes versus 30 minutes drop 21 times.

DETAILS

I. DAY OF WEEK:

Our first question was to see if there is a best day of the week to call to get the best contact and qualification ratios.

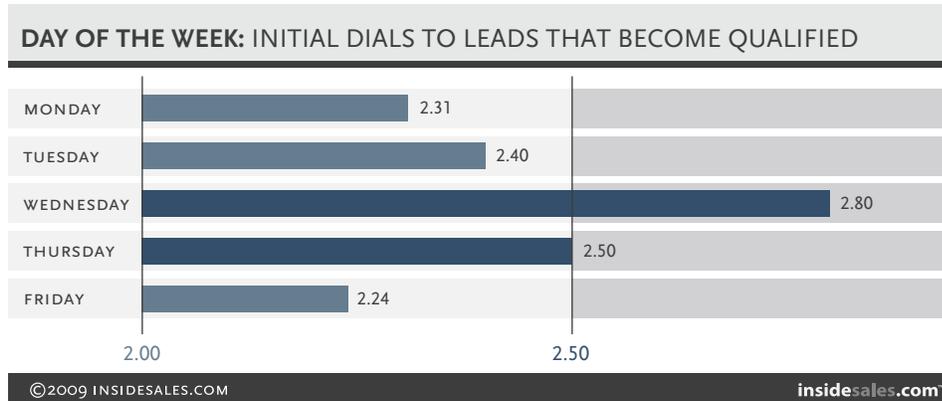
1. **Wednesdays** and **Thursdays** are the best days to *call* to make **contact** with a lead. In fact, **Thursday** is a **49.7% better** day to call than the worst day, Tuesday.



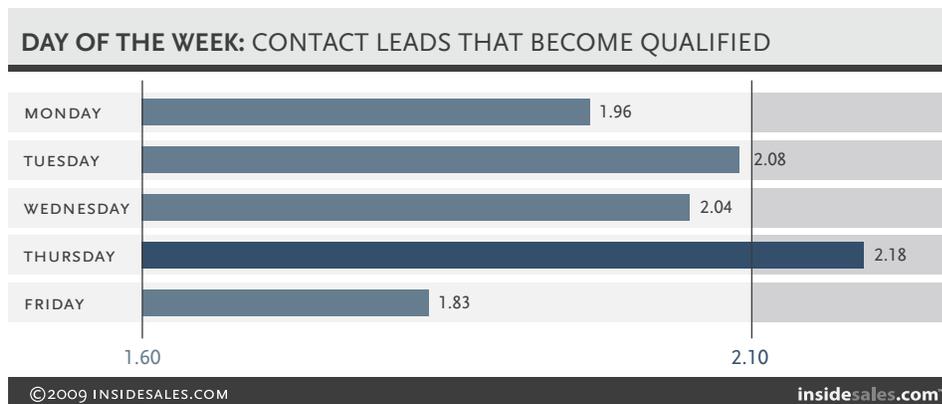
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2. **Wednesdays and Thursdays** are also the best days to *call* to **qualify** leads. **Wednesday** was the top day and was **24.9% better** than the worst day, which was Friday.



3. **Thursday** is the best day to *contact* a lead in order to **qualify** that lead. It is **19.1% better** than **Friday**, which is the worst day.



Does this mean that people don't make commitments (qualify) just before leaving for a weekend?

Perhaps.

Note that Monday was consistently poor for every category.

But notice that Friday wasn't bad to make contact, just poor in qualifying.

Notice the effect of time of day ranged from a low of 19.1% to a high of 49.7%—these are significant numbers.

How many other strategies show a 50% greater chance of contacting a lead, merely by contacting on one day versus another?

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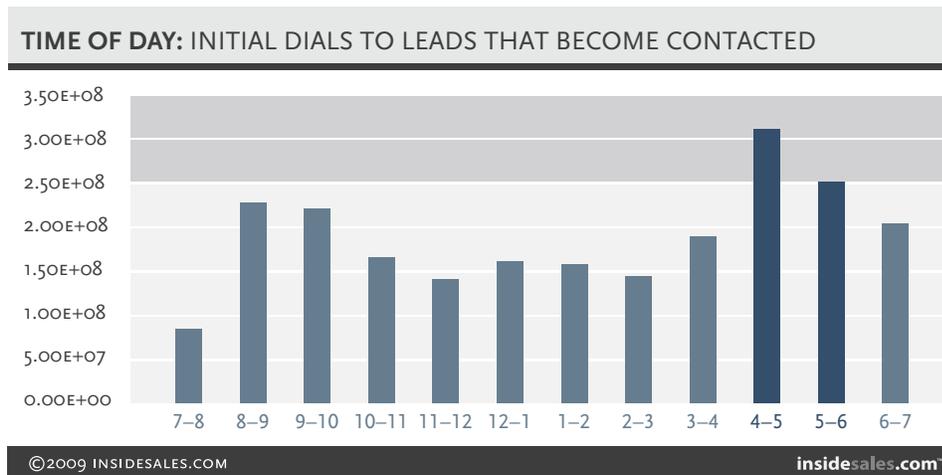
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II. TIME OF DAY:

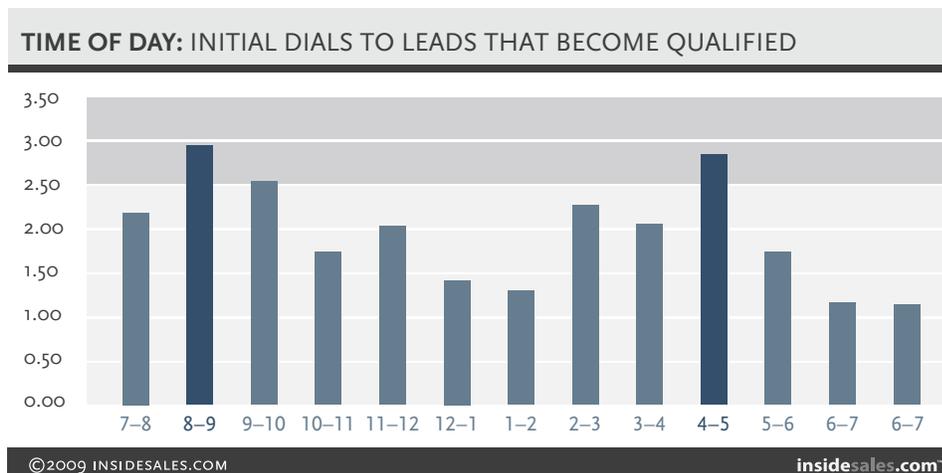
Our next question was to see if there is a better time of day to call to get optimal contact and qualification ratios. we used the same definition of terms for call (attempt), contact, and qualify.

Here is what we found:

1. **4 to 6pm** is the best time to *call* to make **contact** with a lead. It is **114% better** than calling at 11 to 12am, right before lunch. (We did not feel –8am was a standard work hour.)

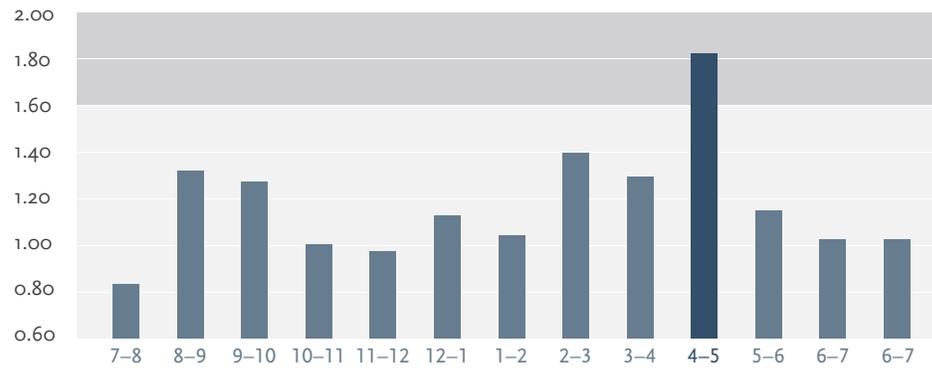


2. **8–9am** and **4–5pm** are the best times to *call* to qualify a lead. 8–9am is **164% better** than calling at 1–2pm, right after lunch. That’s a big difference! (After 6pm is not a standard work hour.)



2. **8–9am** and **4–5pm** are the best times to *call* to qualify a lead. 8–9am is **164% better** than calling at 1–2pm, right after lunch. That’s a big difference! (After 6pm is not a standard work hour.)

TIME OF DAY: CONTACTED LEADS THAT BECOME QUALIFIED



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Does this mean that maybe people don’t want to commit or qualify before going to lunch?

Perhaps.

Is it helpful to know that you have a **164% higher chance of qualifying** a lead based on when you call it?

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III. RESPONSE TIME ANALYSIS BY HOURS:

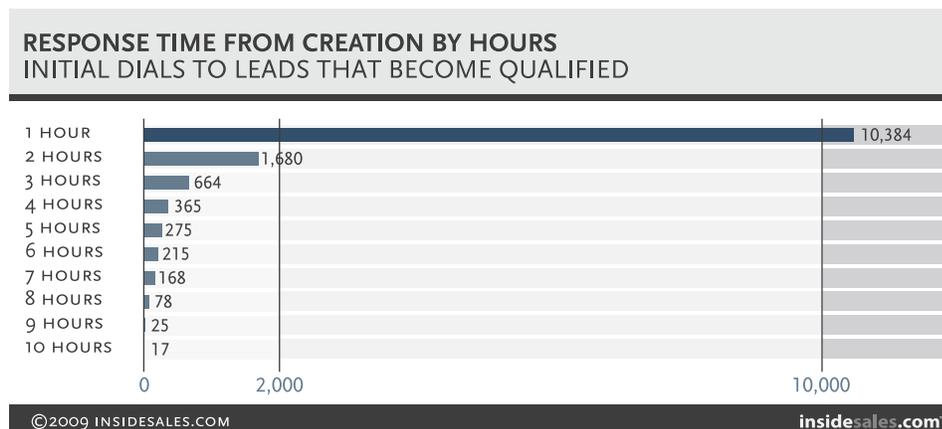
Day of week and time of day were found to be statistically significant variables in contacting and qualifying leads, but the significance of data we analyzed around response time dwarfed them both.

We started our analysis by measuring response times by hours and found an incredible drop in the odds of contacting and qualifying leads if you wait to begin calling for just 1 hour...

- i. The odds of *calling* to contact a lead **decrease by over 10 times** in the first hour.



2. The odds of *calling* to **qualify** a lead **decreases by over 6 times** in the first hour.

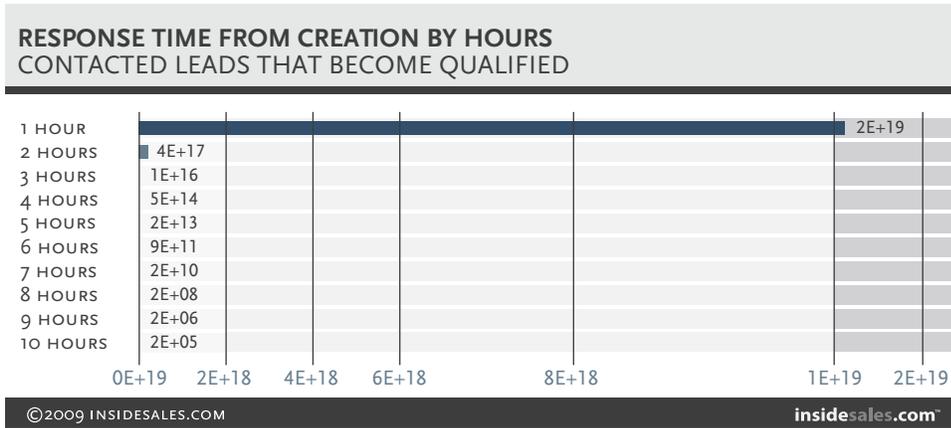


This is very interesting, but more interesting, and something we weren't expecting, was a statistically significant effect Dr. Oldroyd found in the data that shows that:

- After 20 hours every additional dial your salespeople make actually hurts your ability to make contact to qualify a lead.

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What does that suggest?

Do additional call attempts after 20 hours actually turn people off to the point they actually hurt your chances of doing business? Can you warm them up again with different forms of media other than the phone?

We don't know. But EVERYONE calls leads after 20 hours. Do they know that every additional call actually hurts them? Should your sales reps just stop calling after 20 hours? Ideally, if you had enough leads, and could make enough attempts to make contact in 20 hours, yes.

Is this realistic? It probably is not.

But this data is EXTREMELY significant to salespeople.

We are looking into this more.

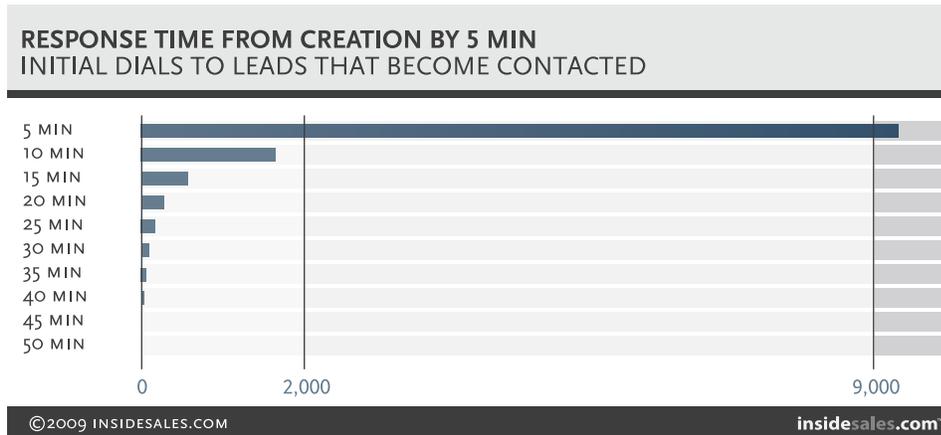
IV. RESPONSE TIME ANALYSIS BY FIVE MINUTE INCREMENTS:

We figured if the first 20 hours sliced up by hours was important, we should look at the first 3 hours sliced up by 5 minute segments.

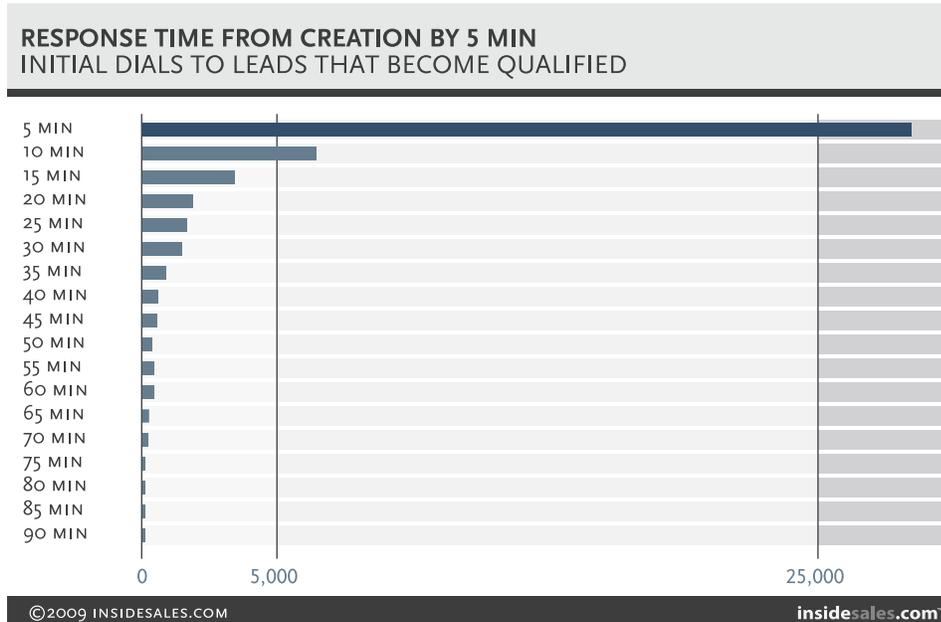
What are the results?

It is even more eye-opening:begin calling for just 1 hour...

1. The odds of *calling* to contact a lead **decrease by over 10 times** in the first hour.



2. The odds of qualifying a lead in 5 minutes versus 30 minutes **drop 21 times**. And from 5 minutes to 10 minutes the dial to qualify odds **decrease 4 times**.



How significant is a 100x increase in contact ratios on the value of leads?

How much effect does a 21x increase in qualification have on the overall sales revenue of a company?

How many companies understand the importance of this strategy?

For illustration we decided to test some of these principles first hand. We have a heavy concentration of use of our lead response management solutions by customers from the mortgage and insurance industries so we started calling several of the top lead providers in these two industries and signed up to get quotes on mortgages and insurance.

Lead providers typically sell these leads to varying numbers of lead customers, in these examples we assume the leads were given to anywhere from 4 to 7 customers based on how many called us back.

We recorded what happened.

Our president signed up with the top lead provider to get quotes on his mortgage.

1. He received a total of 7 calls.
2. The first one called in only 30 minutes.
3. The last one called on the lead 3 days later.

Does that last one who called realize that the odds of qualifying this lead are several thousand times less than if they had called in five minutes?

Our Sales Manager and several of our sales reps filled out web-based health insurance questionnaires with several of the top lead providers we partner with in the insurance industry:

1. Our Sales Manager filled his lead out at 4pm, (the optimal time for someone to reach him according to our data.) He didn't get a single call that day. He got his first of 5 calls at noon the next day (almost the worst time to call), and the last one two days later.
2. One rep filled his lead form out with another top lead provider at 8:30am (the second best time for someone to call), and had his first call in 1 minute, his second in 3 minutes, his 3rd in an hour and 45 minutes.
3. Another rep also at 8:30am, and he got one call in 2 minutes, and 2 more calls the next day.
4. Another rep filled theirs out at 10am and got the first call in 2 hours and never noticed any additional calls.

CASE STUDY

FRANKLIN-COVEY CASE STUDY

FranklinCovey is the leading time management and Day Planner company, located in Salt Lake City, Utah.

FranklinCovey has used the InsideSales.com CRM with integrated dialers for years. They wanted to identify the best time to call back a person who abandoned a shopping somewhere in the purchase process.

Working together, we found that the worst time to call back was within the first 24 hours.

People often opted out because they didn't have their credit card handy or they decided against the purchase for some reason. If reps called back too quickly they would often get a negative emotional response. But if they called back immediately after 24 hours, they had very high success ratios in getting the person to purchase.

We found that 3:30 in the afternoon was best to call to make contact to get success, but interestingly enough, as it got later in the afternoon and evening the contact ratios continued to go up but the qualify or success ratios went DOWN. In fact by 5:17pm in the evening the qualify ratio went to 0%, but the qualify ratio was still very high.

Another interesting thing, this data was examined again three months later and the optimal call time to make contact had shifted from 3:30pm to 3:50pm.

Far more important, after analyzing almost two years of data we found that even though they had people working until 6pm, they hadn't qualified ANYONE during that last hour for two years!

Imagine the labor cost spent in two years of their entire call center calling an hour every day without the results they wanted.

What did they do?

They shifted schedules to optimize qualification ratios and have already seen a change in their results. This may cause call centers to realize their shift schedules can actually be optimized for contact, qualification, and sales results, not just call coverage, convenience, or time zone coverage, as is typically the case.

What are the results?

They have noticed increases in productivity and sales because of this slight change in schedule strategy.

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SUMMARY

MIT STUDY REVEALED THE FOLLOWING:

1. Time of day and day of week each have significant impact, with time of day being the greater of the two.
2. Immediacy of response far overshadows both time of day and day of week in its effect on contact and qualification ratios.

Dr. Oldroyd emphasizes that he finds these clear patterns in the data only when data from several companies is combined together. Patterns vary significantly from company to company as emphasized with the FranklinCovey example.

We found huge variance in the kinds of offers on a company website. We learned that a request for a price quote needs to be handled different than a whitepaper. We learned that the kinds of products sold require different approaches.

We don't know how much yet. These questions will be the subject of future studies.

And finally, WHY is response time so important? Though we don't exactly know for sure, we have a few educated guesses:

- YOU KNOW WHERE THEY ARE

When a person submits a lead in a web form, you know where they are at that exact moment: they are at their computer desk, probably right near their phone. We call this "presence." If you call them immediately, they answer. If you wait, they move on to something else, often away from their phone.

Salespeople know that simply being able to contact somebody can make the difference between a sale or not. Marketers may not be as aware of this.

- HIGHEST INTEREST OR NEED

People search the Internet because they want things now. Interest and need wane quickly. A few days later they often don't even remember they submitted a lead. Immediacy of response hits the respondent at their highest point of interest or need.

- THE "WOW" EFFECT

Our sales representatives often experience the "wow effect" when our web-form call back technology contacts a person who submitted a lead in less than 3 seconds.

The respondent quite often reacts with, "wow, that was fast! You are impressive." We have been told that they feel that the sales representative must be really on top of things, and that is the kind of person and company they want servicing their account.

We are reminded of the early days of caller id when people answered a call and said the name of the caller. What surprised initially is now commonplace. First impressions continue to have a strong influence on trust and relationships.

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James Oldroyd 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).

Dr. Oldroyd's dissertation work examines the impediments to information flows through informal social networks within organizations. Dr. Oldroyd teaches Negotiations and Leadership at the Kellogg School of Management. He has also taught Strategic Management at Brigham Young University and has developed course material for several topics including: entrepreneurship, leadership and change and organizational structure.

Dr. Oldroyd has been involved in numerous advisory projects to corporations. Several of these projects have been focused on developing an organizational strategy for firms that are under pressure from the environment, competitors or internal pressures.



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