conversica

2017 Sales Effectiveness Report

Lead Follow-Up

Introduction

How companies follow up with inbound leads can drastically impact their sales funnel and ability to convert prospects into customers. For this third annual Sales Effectiveness report, we take a first-hand look into how companies engage their leads, and contrast these results with their performance in previous years. We also compare best-practices research with real-world execution to identify patterns of successful lead engagement.

Conversica commissioned independent researchers to secret shop 866 companies and evaluate their lead response efforts, using four key elements of lead engagement as metrics for success.

We call these the 4 Ps of sales effectiveness:

- **Promptness**: How quickly does a company follow up on an inquiry with a personalized response?
- **Personalization**: To what extent is the response personalized? Does the response provide an opportunity to keep the dialogue going?
- **Persistence**: How many attempts does the company make to follow up with the lead?
- **Performance**: What is the likelihood of the follow-up email landing in the lead's inbox (rather than the spam folder)?

The findings from this report can help you understand where your company stands relative to others in your industry, which factors are strong predictors of success or failure, and what steps you can take to align your sales team with best practices.

Your inbound leads are an expensive resource, and crucial to the success of your organization. We hope this report will help you discover ways to optimally leverage them.

What is an inbound lead?

An inbound lead is a prospect who initiates contact with your business via website, social media, or phone. A lead may express interest in your company's products or services and provide their contact information by:

- Downloading content from your website
- Subscribing to your blog
- Completing a web form or "Contact Us" request
- Registering for an online or live event
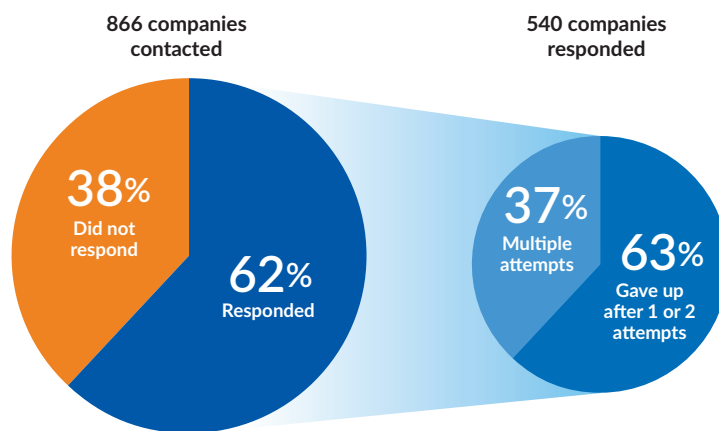- Calling, emailing, or chatting directly with your business

Executive Summary

For the third year in a row, Conversica commissioned a study to track inbound lead engagement efforts by U.S. companies. Independent researchers visited the websites of 866 companies across 13 different industries, and requested to be contacted by expressing interest in their products or services.

Undertouched leads were a bigger problem in 2017 compared to 2016. 38% of the companies studied did not respond at all. Of the companies that did respond, most gave up too soon. 63% followed up on their inbound leads with one or two contact attempts, down from 68% last year.
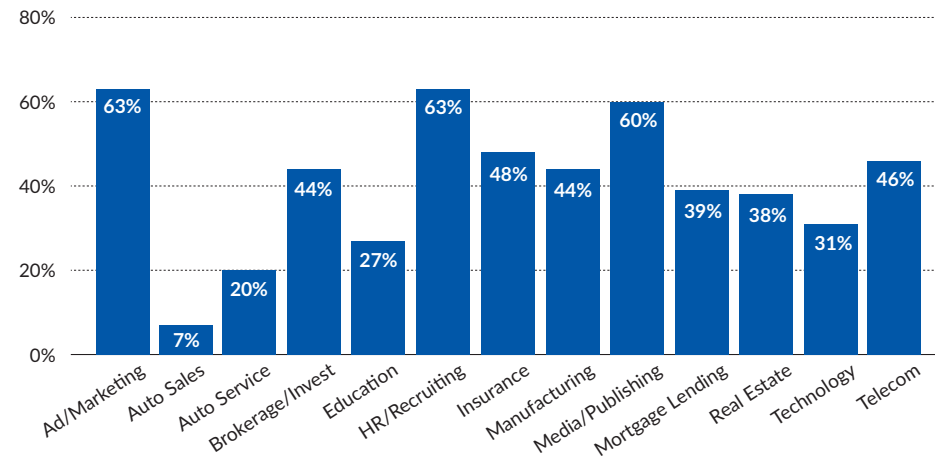
Undertouched Leads

Of 866 companies researched, 667 (or 77%) either did not respond at all or gave up after 1-2 attempts.

866 companies contacted

540 companies responded

38% Did not respond

62% Responded

37% Multiple attempts

63% Gave up after 1 or 2 attempts

Companies earned similar overall grades as last year, as demonstrated by a nearly identical overall grade distribution as last year. While many companies improved in some areas, they regressed in others, suggesting some degree of difficulty in effectively executing all 4 Ps.

Companies That Did Not Respond by Industry

Industry	Percentage
Ad/Marketing	63%
Auto Sales	7%
Auto Service	20%
Brokerage/Invest	44%
Education	27%
HR/Recruiting	63%
Insurance	48%
Manufacturing	44%
Media/Publishing	60%
Mortgage Lending	39%
Real Estate	38%
Technology	31%
Telecom	46%

A bright spot in the study was the significant increase of companies receiving an A in personalization. Over 70% made the effort to send tailored responses by including four or more personalization elements in their follow-ups.

The automotive sales industry performed highest across all 4 Ps, with 30% in this industry achieving an overall A.

7 out of 13 industries scored poorly on all 4 Ps, including brokerage/investment, insurance, real estate, advertising/marketing, manufacturing, media/publishing, and HR/recruiting. None of the companies in these industries earned an overall A grade.

Given the astonishing number of companies that did not respond at all, it's clear that inbound leads are not receiving adequate follow-up from most businesses. Prioritizing responsiveness and implementing appropriate tools can improve the success rate for inbound lead follow-up.

Interestingly, many companies that performed well in previous years performed poorly this year, and vice versa. It appears that no company can be great at the 4 Ps all the time, meaning companies must instead invest in strategies that ensure consistent and effective lead follow-up.

Promptness

Extensive research demonstrates that promptness is the most important factor in contacting an inbound lead[1]. The faster the lead response, the higher the likelihood of converting them to a client[2]. Even a difference of a few minutes has a drastic impact on the likelihood of conversion. Independent research reveals:

- The conversion rate increases by 391% when companies make a call attempt within a minute of receiving a lead[3].
- The likelihood of conversion drops significantly during the first three minutes after the lead's inquiry[4].
- The odds of qualifying a lead contacted within five minutes are 21 times higher compared to 30 minutes[5].
- Contacting a lead within the first hour increased the likelihood of qualifying the lead by seven times compared to a two-hour window, and 60 times in comparison to companies waiting 24 hours or longer[6].

Initial response times in this study ranged from less than a minute to 17 days, with a majority of companies responding within a day.

Based on best-practices research derived from the Lead Response Report[7], researchers created a grading scale to assess each company's promptness and measured the time it took to receive the first personalized response. Autoresponder emails were not taken into account.

Key finding: Only 13% of all companies responded within the first five minutes of receiving an inquiry.

Grading Key:

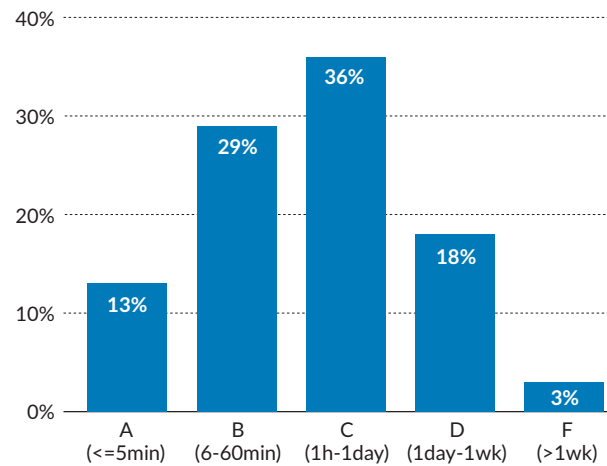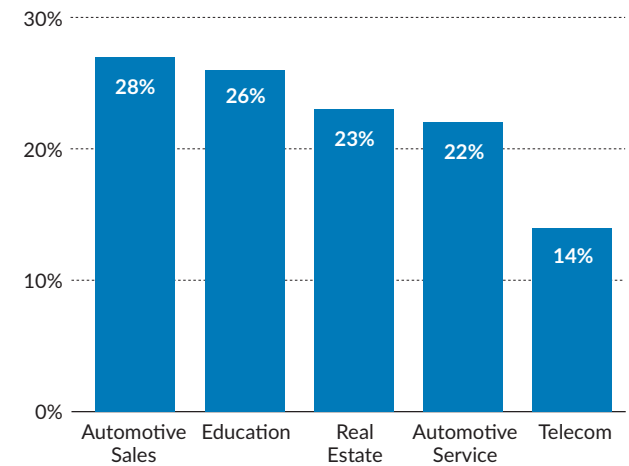|		
A = within 5 minutes	C = within 24 hours	F = longer than 1 week
B = within 60 minutes	D = within 1 week	

Promptness Insights

This year, only 13% of companies responded within five minutes, earning an A grade in promptness. Most companies responded within one day of the initial inquiry, earning the highest-frequency C grade.

For the third year running, the auto industry performed highest in the promptness category, with nearly 28% scoring an A grade. Incentives from manufacturers and stiff competition have forced this industry to be prompt in lead follow-up.
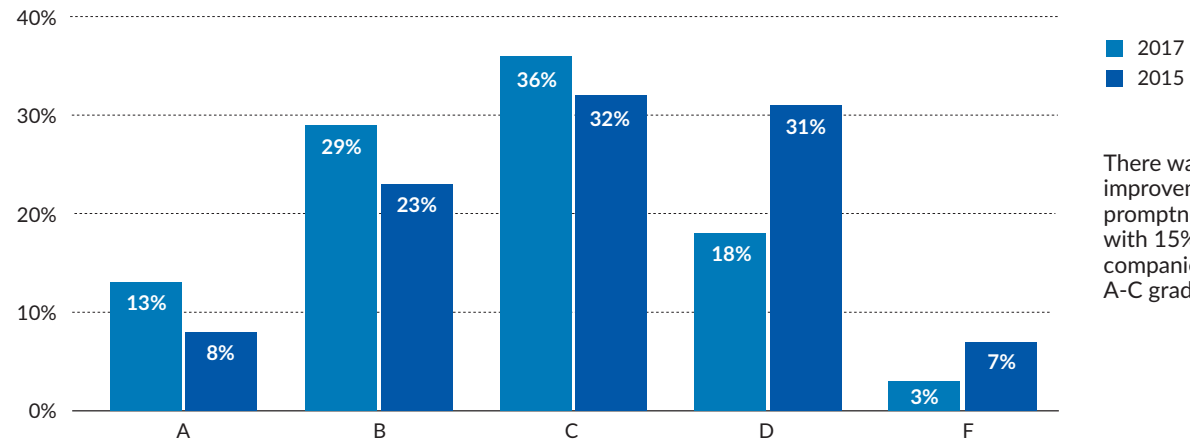
Promptness Grade Distribution by %, 2017

Grade	Value
A (<=5min)	13%
B (6-60min)	29%
C (1h-1day)	36%
D (1day-1wk)	18%
F (>1wk)	3%

Top 5 A Scoring Industries in Promptness, 2017

Industry	Value
Automotive Sales	28%
Education	26%
Real Estate	23%
Automotive Service	22%
Telecom	14%

Promptness Grade Distribution by %, 2017 vs 2015

Grade	2017	2015
A	13%	8%
B	29%	23%
C	36%	32%
D	18%	31%
F	3%	7%

There was a slight improvement in the promptness category, with 15% more companies scoring A-C grades.

Persistence

Making one or two attempts to follow up with an inbound lead is almost never enough to be effective. Best-practices research proves that an increased number of attempts yields increased conversions:

- Attempting contact just three times instead of once will double response rates[8].
- Companies with the fastest growing revenues were most likely to attempt contact with a lead five to eight times[9].
- Overall response and conversion rates continue to grow at the eighth attempt and beyond[10].

To assign a score for persistence, we counted the total number of times a company attempted to contact the lead, including both phone and email, over a 22-day period. While the range of persistence ran from 1 to 30 attempts, the majority of companies made only one or two attempts, receiving a D grade. To grade persistence, we based our scale on the number of touches proven to be most successful, as shown in previous studies.

Key finding: Only 9% of companies earned an A grade by making at least eight attempts.

Grading Key:

A = 8 or more attempts	C = 3-4 attempts
B = 5-7 attempts	D = 1-2 attempts

Persistence Insights

Almost two thirds of companies gave up after 1 or 2 attempts to follow up with the lead.
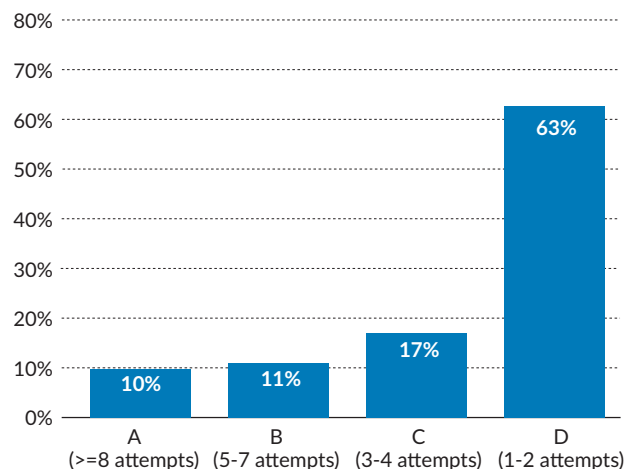
Persistence is the only category in which more than half of our respondents received a D grade. This is not surprising, since persistence places the highest demands on a sales rep's time.

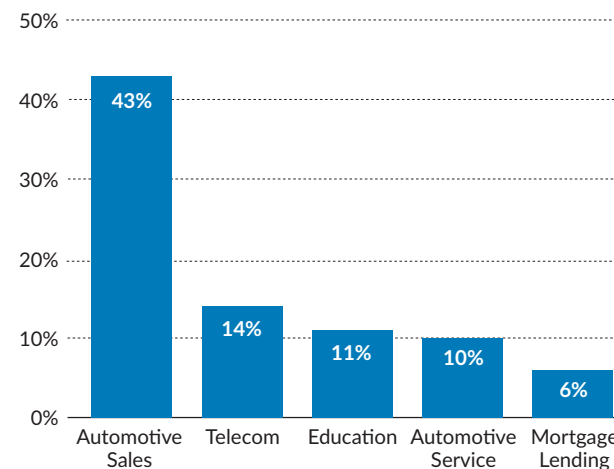*Automotive sales scores high for three years running.*

One industry stood out drastically from the others in persistence: 43% of automotive sales received an A. The second best performing industry was telecom, with 14% receiving an A grade. There may be a correlation between persistence and promptness in the automotive industry: among automotive firms receiving an A for persistence, 85% also received an A or B on promptness (calling within 60 minutes), compared to 30% overall.

This year, fewer companies received A and B grades when compared to 2015 or 2016.

Persistence Grade Distribution by %, 2017

- A (>=8 attempts): 10%
- B (5-7 attempts): 11%
- C (3-4 attempts): 17%
- D (1-2 attempts): 63%

Top 5 A Scoring Industries in Persistence, 2017

- Automotive Sales: 43%
- Telecom: 14%
- Education: 11%
- Automotive Service: 10%
- Mortgage Lending: 6%

Persistence Grade Distribution by %, 2017 vs 2016 vs 2015

Legend: 2017, 2016, 2015

- A: 10% / 18% / 15%
- B: 11% / 15% / 13%
- C: 17% / 14% / 19%
- D: 63% / 55% / 53%
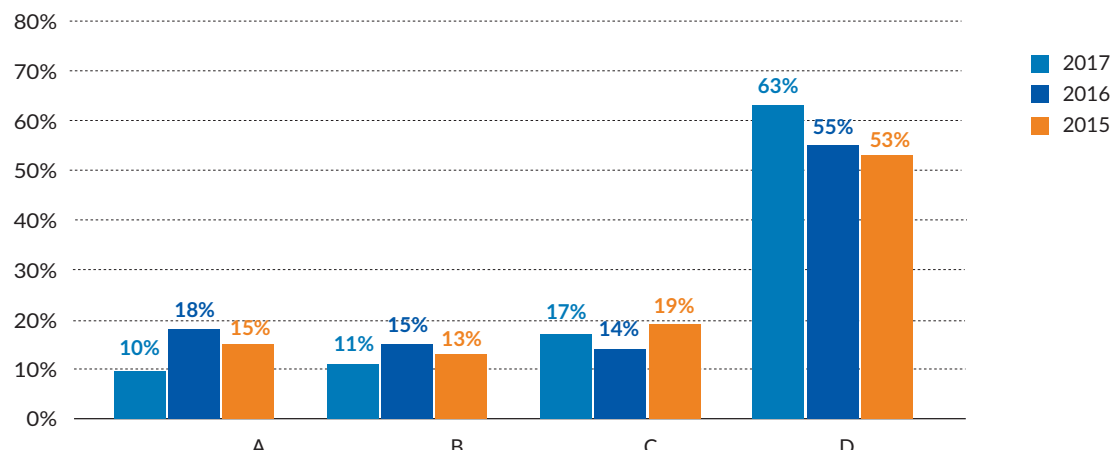
Personalization

Personalizing email communications can significantly boost lead engagement and conversion rates. Studies show personalization increases the success of email outreach strategies:

- Sending an email from an address associated with an individual rather than the company name can increase the click-through rate by 31%.[11]

- Emails with personalized subject lines are 26% more likely to be opened.[12]

- Including a signature improves email response rates by 22%.[13]

- Personalized email messages improve click-through rates by an average of 14% and conversions by 10%.[14]

We considered five different factors when evaluating emails for personalization:

- Personalized greeting

- Individual email account rather than generic "sales" or "info" address

- Specific mention of the lead's inquiry

- Inclusion of specific contact information for the lead to continue the conversation

- Time patterning: whether companies noticed when inquiries were received and if they responded during similar times.

The data on this metric include the companies that responded via email. Companies that responded only by phone did not receive a personalization grade (nor was it factored into their overall grade)

Key finding: Personalization is the only P in which we see prominent improvement among companies this year.

More companies increasingly recognize the importance of sending personalized responses, and are likely employing more sophisticated tools with which to personalize at scale.

Personalization (cont'd)

Example of a well-personalized email

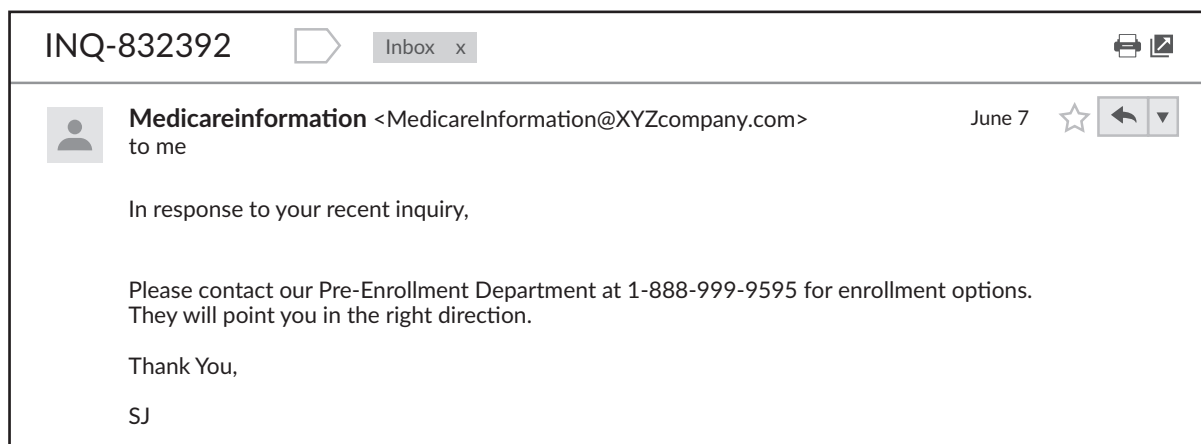You're in :) | Plus, a quick question...   Inbox   x   🖨 ⬈

Jacob Witak <jwitak@acme.com>   July 18   ☆ ↩ ▾
to Helen Papas

Dear Helen,

Thanks for requesting our content just now!

I hope it's exactly what you were looking for, and helps give your marketing a boost. You can expect to receive updates from us on future webinars and new ebooks. Feel free unsubscribe at any time if you'd rather not receive anything else.

Would you like our marketing success coach to give you a call to make sure you have everything you need?

Cheers,
Jacob
--
Executive Assistant

Example of a poorly-personalized email

INQ-832392   Inbox   x   🖨 ⬈

Medicareinformation <MedicareInformation@XYZcompany.com>   June 7   ☆ ↩ ▾
to me

In response to your recent inquiry,

Please contact our Pre-Enrollment Department at 1-888-999-9595 for enrollment options. They will point you in the right direction.

Thank You,

SJ

Grading Key:

A = 4 or more personalization elements   B = 3 elements   C = 2 elements   D = 1 element   F = 0 element
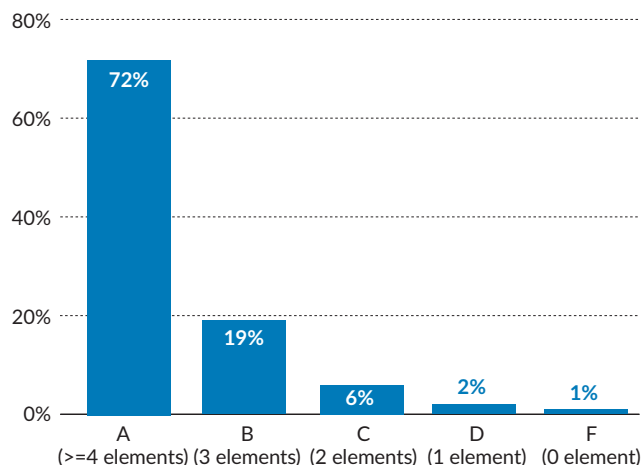
Personalization Insights

Key finding: Over 70% of companies included four or more personalization elements in follow-ups.
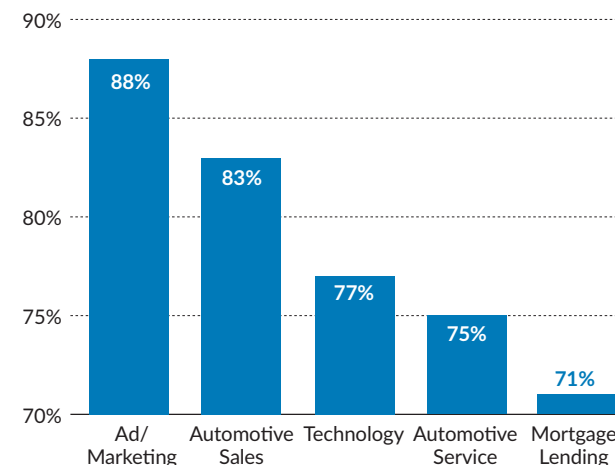
Many companies use autoresponders as the first touch with inbound leads, so it's not surprising that the replies feel impersonal. Today's marketing automation tools have the capability of capturing and using form fields as variables in their replies to leads (for example, greeting the lead by name was the most common use of personalization). Companies did better this year, with 72% scoring an A grade compared with 53% last year and 8% in 2015, and only 0.6% receiving an F versus 1% last year and 30% in 2015.

2017 and 2016 show significant improvement in personalization, as more companies are recognizing the value of following up on inquiries with information that is relevant to prospects' interests.
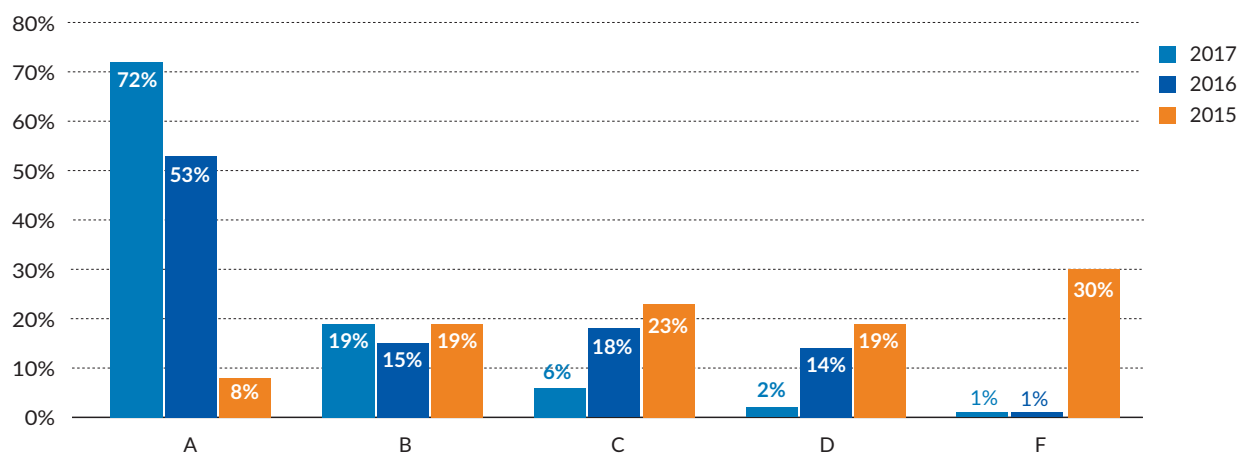
Personalization Grade Distribution by %, 2017

Grade	%
A (>=4 elements)	72%
B (3 elements)	19%
C (2 elements)	6%
D (1 element)	2%
F (0 element)	1%

Top 5 A Scoring Industries in Personalization, 2017

Industry	%
Ad/Marketing	88%
Automotive Sales	83%
Technology	77%
Automotive Service	75%
Mortgage Lending	71%

Personalization Grade Distribution by %, 2017 vs 2016 vs 2015

Grade	2017	2016	2015
A	72%	53%	8%
B	19%	15%	19%
C	6%	18%	23%
D	2%	14%	19%
F	1%	1%	30%

Performance

To assess performance, we measured the likelihood that an email would reach the inbox rather than end up in a spam or junk mail folder. On average, 50% of business email ends up in spam folders, a number that remains consistent across various industries and organization sizes[15].

We commissioned SendForensics again this year to draw year-to-year comparisons, and used their Email Deliverability Test[16] to assess how likely the content of an email was to trigger spam filters at ISPs and in email clients. The test generated a score on a scale of 1 to 100 based on the probability that the email would be delivered directly to the recipient's inbox.
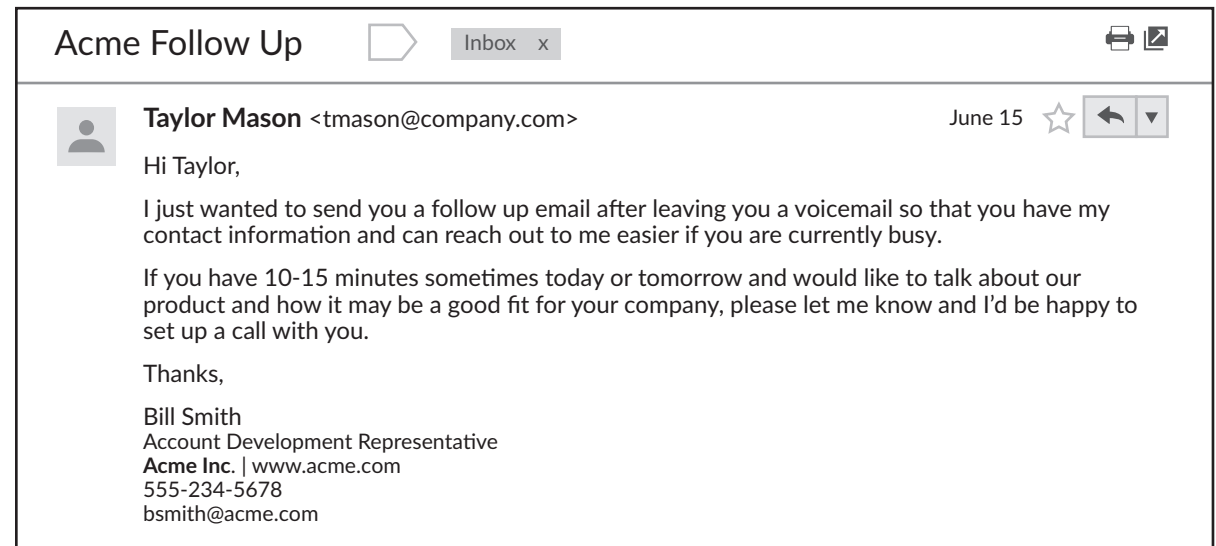
Companies using only the phone were not assigned a performance score, nor was performance considered as part of their overall grade.

The highest score attained on the SendForensics test this year was 92%, while the lowest was 59%.
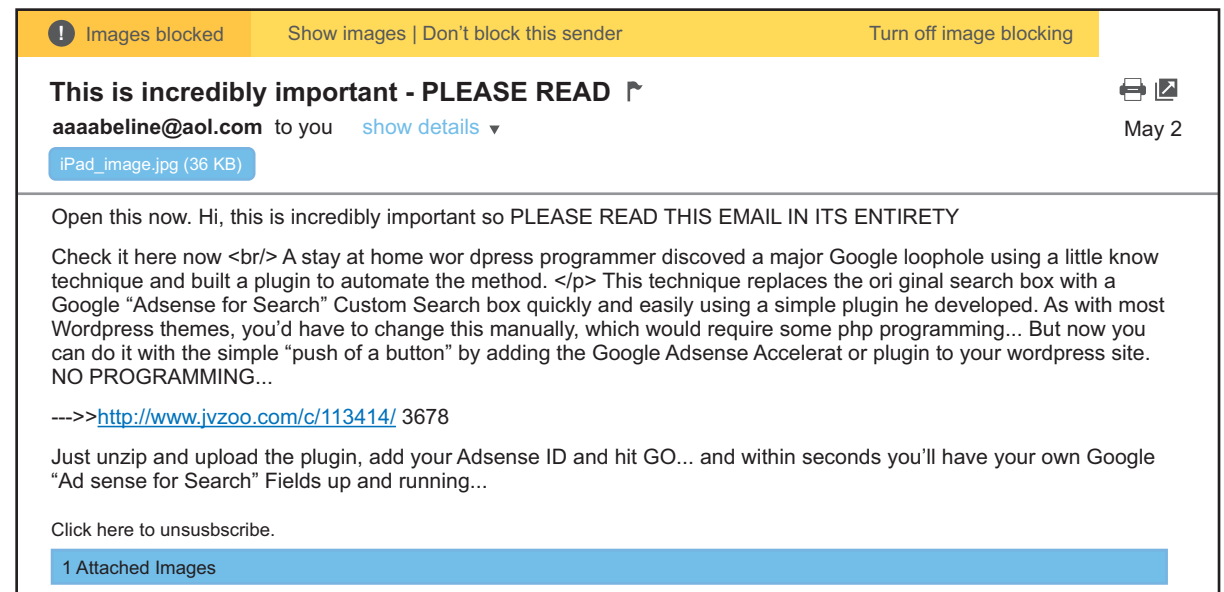
Grading Key:

A = SendForensics score above or equal to 90%
B = SendForensics score from 80% to 89%
C = SendForensics score from 70% to 79%
D = SendForensics score from 60% to 69%
F = SendForensics score less than 60%

Example of a well-performing email

Acme Follow Up   Inbox   x

Taylor Mason <tmason@company.com>   June 15

Hi Taylor,

I just wanted to send you a follow up email after leaving you a voicemail so that you have my contact information and can reach out to me easier if you are currently busy.

If you have 10-15 minutes sometimes today or tomorrow and would like to talk about our product and how it may be a good fit for your company, please let me know and I'd be happy to set up a call with you.

Thanks,

Bill Smith
Account Development Representative
Acme Inc. | www.acme.com
555-234-5678
bsmith@acme.com

Example of a poorly-performing email

⚠ Images blocked   Show images | Don't block this sender   Turn off image blocking

This is incredibly important - PLEASE READ ⚑

aaaabeline@aol.com to you   show details ▼   May 2
iPad_image.jpg (36 KB)

Open this now. Hi, this is incredibly important so PLEASE READ THIS EMAIL IN ITS ENTIRETY

Check it here now
 A stay at home wor dpress programmer discoved a major Google loophole using a little know technique and built a plugin to automate the method. </p> This technique replaces the ori ginal search box with a Google "Adsense for Search" Custom Search box quickly and easily using a simple plugin he developed. As with most Wordpress themes, you'd have to change this manually, which would require some php programming... But now you can do it with the simple "push of a button" by adding the Google Adsense Accelerat or plugin to your wordpress site. NO PROGRAMMING...

--->>http://www.jvzoo.com/c/113414/ 3678

Just unzip and upload the plugin, add your Adsense ID and hit GO... and within seconds you'll have your own Google "Ad sense for Search" Fields up and running...

Click here to unsusbscribe.
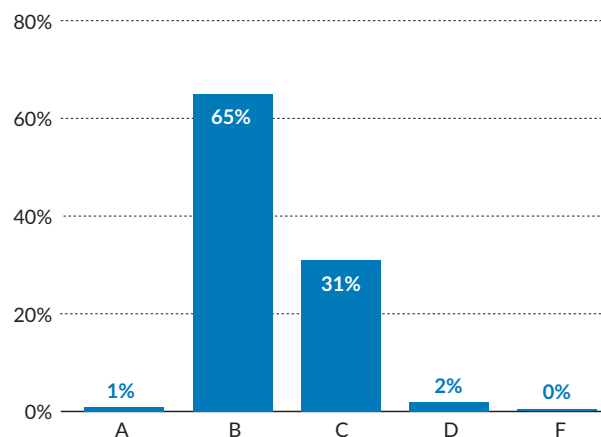
1 Attached Images

Performance Insights

Key finding: Very few companies score an A in performance, with top industries manufacturing and brokerage/investment only scoring 4% and 3.5%, respectively.

Overall, companies do not excel in the performance category, as email providers continue to improve spam filters with sophisticated algorithms that analyze and flag emails.
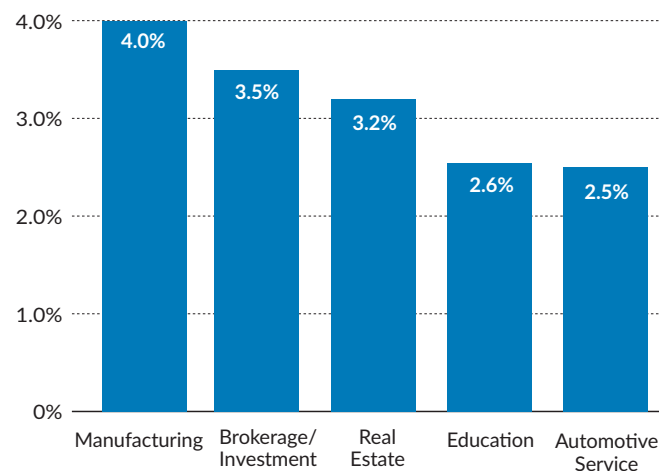
2017 results show a smaller percentage of companies earning A and B grades in performance when compared to 2016.

Our research revealed a high degree of correlation between performance and personalization: 67% of the companies that received an A in personalization scored a B or higher in performance.

Performance Grade Distribution by %, 2017

Grade	Percentage
A	1%
B	65%
C	31%
D	2%
F	0%

Top 5 A Scoring Industries in Performance, 2017

Industry	Percentage
Manufacturing	4.0%
Brokerage/Investment	3.5%
Real Estate	3.2%
Education	2.6%
Automotive Service	2.5%

Performance Grade Distribution by %, 2017 vs 2016

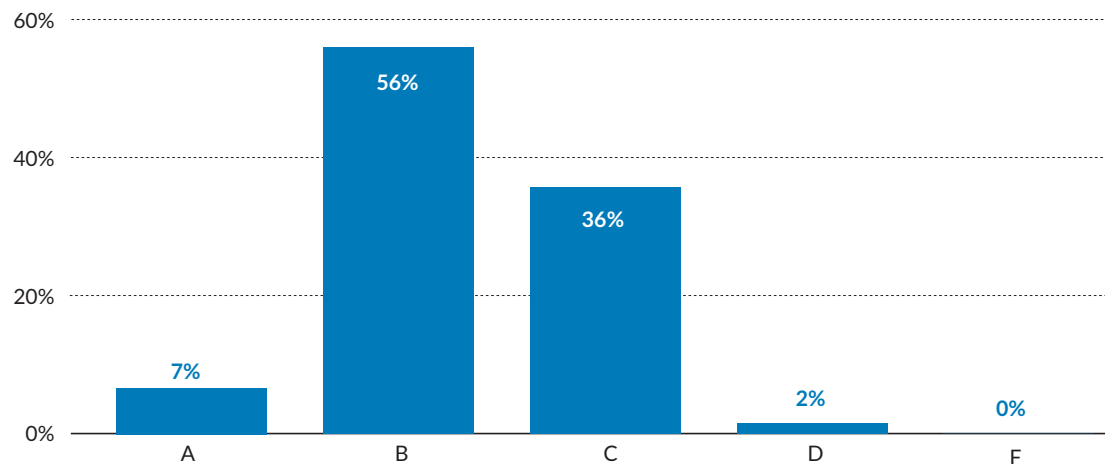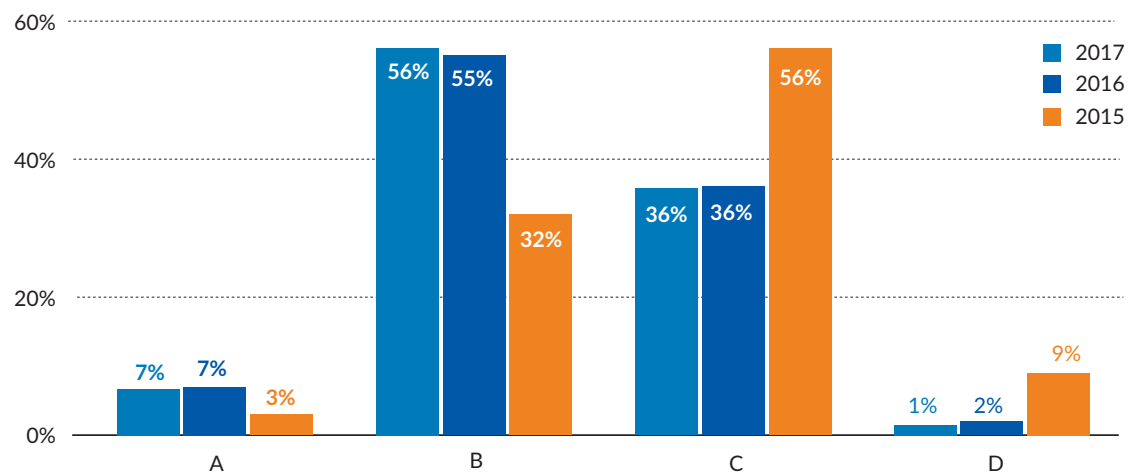| Grade	2017	2016
A	1%	2%
B	65%	75%
C	31%	22%
D	2%	1%
F	0%	0%
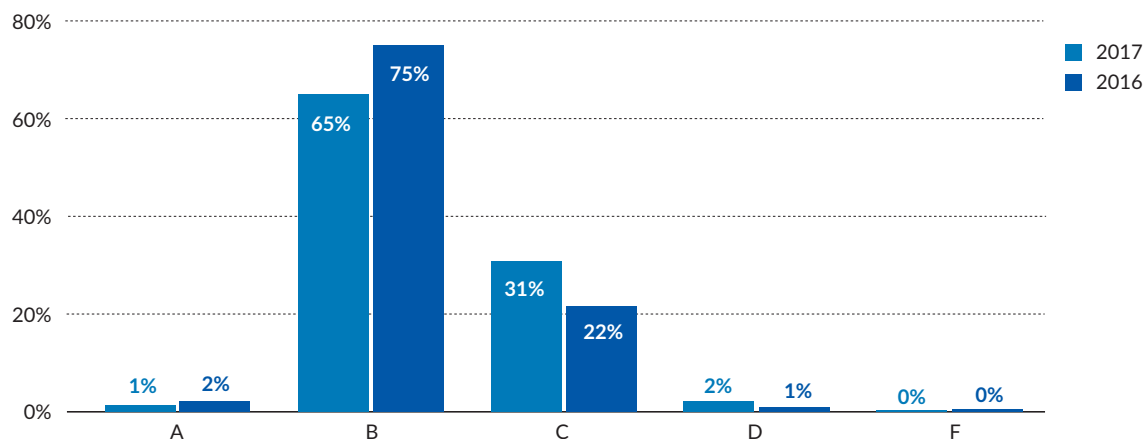
Overall Grades for Lead Follow-Up

Overall grades were determined by averaging each company's scores across all categories.

- Of the 540 companies that responded to our inquiries, only 36 companies (or 7%) received an overall A grade. While this is significantly better than 2015, it is flat from 2016. Most companies have tremendous opportunity for improvement across all 4 Ps.

- More than half of the responding companies (56%) earned an overall B grade, while about a third (36%) earned an overall C grade.

- This year marks the lowest percentage of companies that received an overall D grade.

- For the third year in a row, no companies received an overall F grade.

Overall Grade Distribution by %, 2017

Grade	%
A	7%
B	56%
C	36%
D	2%
F	0%

Overall Grade Distribution by %, 2017 vs 2016 vs 2015

Grade	2017	2016	2015
A	7%	7%	3%
B	56%	55%	32%
C	36%	36%	56%
D	1%	2%	9%

Top Industries with Overall A Grades

The automotive sales industry scored highest overall, with 30% receiving an A grade and significantly outperforming all other industries. The telecom industry placed second, with 8% scoring an A grade.

Of the 13 industries researched for this study, the following seven industries did not receive an A: brokerage/investment, insurance, real estate, advertising/marketing, manufacturing, media/publishing, and HR/recruiting.

Top 6 A Scoring Industries in Overall Grades, 2017
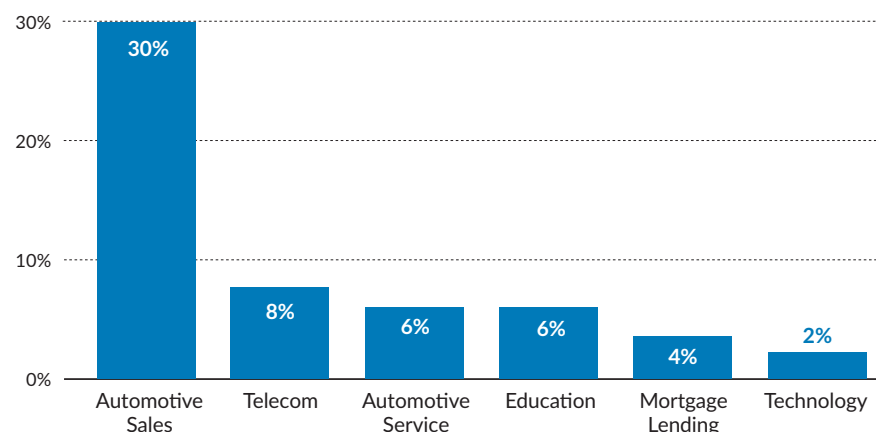
Consistent Lead Follow-up

Researchers contacted each company on two separate occasions to determine the consistency of the company's follow-up behavior. Two distinct secret shopper personas were used to contact each company. As described in the methodology, B2B companies were contacted by a business persona (providing a company website and a company email address) and an individual persona (providing a Gmail address), while B2C companies were contacted by two different individual personas (both providing different Gmail addresses).

Our findings suggests a degree of difficulty for companies to consistently follow up with their leads, as evidenced by the majority of businesses that did not follow up with both requests. Even if companies do well in responding to one request, it does not mean that they will do well all the time to all requests. For B2C companies, being consistently prompt when responding to leads is most difficult, while being persistent in reaching out to leads (with the same number of attempts) is easiest.

As shown in the chart, the automotive sales industry earned top score for consistent follow-up, whereas the HR/recruiting industry scored the lowest. 8 out of 13 industries followed up with one lead, but ignored the other more than half of the time.

**Percentage of Companies That Followed up with Both Personas by Industry**
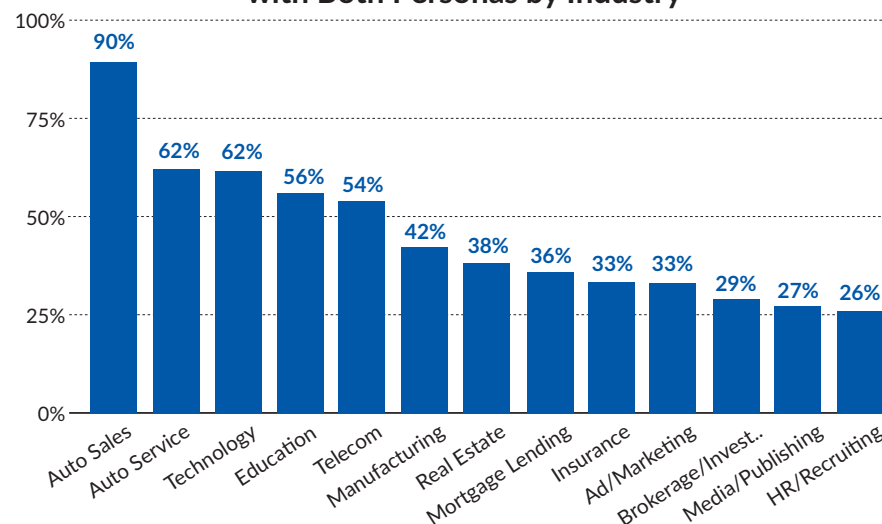
Steps to Improve Lead Follow-Up

No organization or sales team makes being impersonal or dropping leads a part of their business plan. But they may not be making all of the four key lead follow-up practices — Promptness, Personalization, Persistence, and Performance — a priority.

Companies seeking to improve sales effectiveness should implement the following tactics, starting from the easiest to most difficult to implement:

Personalization

Increase number of personalized elements in your email follow-up

4 ELEMENTS	4 OR 5 ELEMENTS
Average result of all companies	Average result of A-graded companies
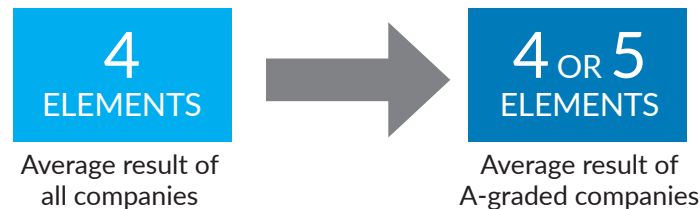
72% of all companies researched included four or five elements of personalization, scoring highly in this category. To better personalize email responses, companies can follow these five principles:

1. Send a greeting with the recipient's first name.

2. Use a personal email account that the lead can reply to, rather than using a generic email such as "noreply@abc.com."

3. Mention the lead's specific inquiry, so that the lead feels the response is relevant and personalized.

4. Include specific contact information for the lead to continue the conversation, such as the email and telephone number of the salesperson trying to reach the lead.

We made personalization the first priority when improving follow-up effectiveness because it is relatively easy to implement. Sales teams just need to add a couple more elements in their emails.

Steps to Improve Lead Follow-Up (cont'd)

Persistence

Make more attempts to contact your lead

3 ATTEMPTS	→	10 ATTEMPTS
Average result of all companies		Average result of A-graded companies
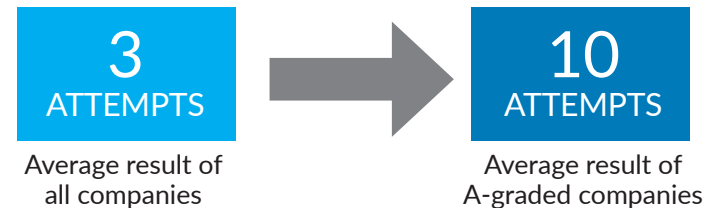
63% of companies in this study made one or two attempts to reach leads. Increasing the number of follow-ups from one attempt to ten attempts makes a significant difference in terms of successfully reaching and engaging the prospect. Keep in mind, however, that following up with leads ten or more times can have diminishing returns. Automating this part of the sales process can easily improve this metric without putting a strain on resources.

Promptness

Respond to an inquiry as soon as it arrives

| 25 HOURS	→	13 MINUTES
Average result of all companies		Average result of A-graded companies
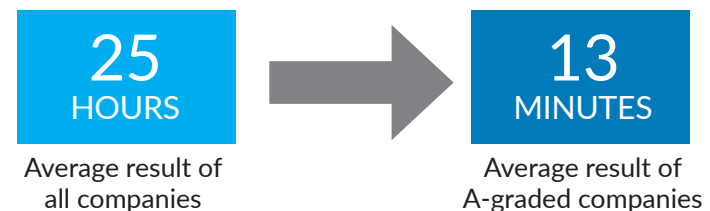
The majority of companies researched followed up with leads an hour after of the leads' initial request. Replying to leads within the first hour of inquiry – or even better, within five minutes – engages the prospect while your company is still top of mind. With resource constraints in companies, it is usually impossible for sales representatives to respond personally to every single lead within the 5-minute time window. New tools are available to automate the follow-up while still adhering to all the 4 Ps of successful lead follow-up.

Steps to Improve Lead Follow-Up (cont'd)

Performance

Keep email responses brief and include information relevant to inquiry

80%	→	91%
Average result of all companies		Average result of A-graded companies
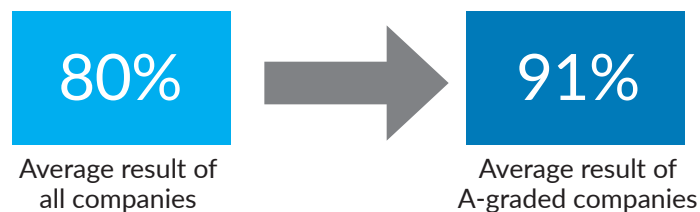
Last but not least, spam detection technology has become much more advanced, making it difficult to ensure your emails land in the inbox.

To improve the likelihood of your email reaching the prospect:

- Make each email individualized, rather than sending the same thing to everyone
- Be personal and include information specific to the inquiry, whenever possible
- Keep emails brief and to the point
- Avoid using large graphics and numerous links
- Do not use words that trigger spam filters (e.g. "money," "cash," "free," etc.), all caps or exclamation points in the subject line/email.

Methodology

Companies Researched:

Commissioned researchers secret shopped 866 companies via company websites from 13 B2B and B2C industries. The same 538 companies that were investigated for last year's 4Ps report were also included in this study to draw year-to-year comparisons. The additional 328 companies were selected from sources such as Inc.com and Forbes. We built the research list to include companies of different sizes, in addition to specific companies that requested to be included. To add your business to the Sales Effectiveness study, visit: http://con.ai/4p-assessment-request.

Making Contact:

This research was conducted over the course of three months, using four secret shopper personas.

- B2B companies were contacted on different dates by:
  - A business professional persona, who provided a business email, telephone number, and website address where requested
  - An individual persona, who provided a personal Gmail address
- B2C companies were contacted on different dates by two different individual personas, both of whom provided personal Gmail addresses

Email and telephone follow-up from companies were recorded and analyzed. Each company was given 22 days from the date of the inquiry to respond. Any follow-up after the 22 days were not taken into account.

If a company's website had a form available for inquiries, researchers used that as method of contact. If not, they used the email address provided on the website. Inquiries were made during standard business days and hours, Monday through Friday, 9 a.m. to 5 p.m. PT.

Industries Researched:

B2B
- Marketing/Advertising
- Manufacturing
- Media/Publishing
- HR/Recruiting
- Technology
- Telecommunications

B2C
- Automotive Sales
- Automotive Service
- Brokerage/Investment
- Education
- Insurance
- Mortgage Lending
- Real Estate

Endnotes

1   http://www.leadresponsemanagement.org/images/lrm_study.pdf

2   http://www.leadresponsemanagement.org/images/lrm_study.pdf

3   http://pages.velocify.com/rs/leads360/images/Ultimate-Contact-Strategy.pdf

4   http://www.leadresponsemanagement.org/images/lrm_study.pdf

5   http://www.insidesales.com/insider/lead-response-management/lead-response-management/

6   http://www.leadresponsemanagement.org/jimclick_study

7   http://www.leadresponsemanagement.org/lrm_study

8   https://www.implisit.com/blog/the-science-behind-sales-emails/

9   Winning strategies for optimal sales processes. AA-ISP, Velocify

10 http://pages.velocify.com/rs/leads360/images/Ultimate-Contact-Strategy.pdf

11 http://www.leadresponsemanagement.org/jimclick_study

12 https://www.campaignmonitor.com/blog/email-marketing/2016/02/how-to-use-personalization-in-email-marketing-campaigns/

13 http://www.leadresponsemanagement.org/jimclick_study

14 https://www.campaignmonitor.com/blog/email-marketing/2017/08/15-email-personalization-stats-might-surprise-you/

15 https://www.sendforensics.com/email-deliverability-test/

16 http://www.symantec.com/content/en/us/enterprise/other_resources/b-intelligence-report-07-2015-en-us.pdf

About Conversica

Conversica is the leader in conversational AI for business and the only provider of AI-driven lead engagement software for marketing and sales organizations.

The flagship Conversica® AI Sales Assistant helps companies win more customers by automatically contacting, engaging, and following up with leads via natural, two-way conversations over email and SMS text, using multiple languages.

The Conversica AI Sales Assistant ensures that companies are 100% compliant in the 4 Ps, 100% of the time.

Used by more than 1,200 companies worldwide, Conversica's assistants are built on a proven AI platform integrating natural language processing (NLP), natural language generation (NLG), and machine learning (ML) capabilities.

Recognized by Gartner as a Cool Vendor, Conversica is a portfolio company of Providence Strategic Growth, Kennet Partners and Toba Capital and is headquartered in Foster City, California.

To learn more about Conversica call +1 (888) 778 1004, email sales@conversica.com or visit www.conversica.com to set up a product demonstration. You can also follow us on LinkedIn, Facebook, YouTube, and Twitter.