The Fundamentals Of Lead Scoring For The B2B Marketplace

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Greg Grdodian brings 18 years of management experience, technical and creative conceptualization and inventive direct marketing strategies to Reach Marketing.

Greg devoted the first 16 years of his career to Infogroup/Edith Roman where he developed industry-leading, multichannel products. He then joined Crain Communications where he was credited with securing triple digit audience growth by optimizing the firm's digital products and services. Greg's latest move to Reach Marketing in 2012 has propelled the company's stellar growth as the industry's leading integrated marketing company.

Executive Summary:

Lead scoring is essential because it illuminates the optimal areas to invest your time and economic resources that will produce the greatest impact. Today's marketing technology allows organizations an unprecedented degree of insight into their leads' decision-making, and lead scoring is your foundation of actionable insights that will improve your ROI.

Why Lead Scoring Matters

How do you know when someone's ready to buy?

That seems like a simple question, but the right answer is complex. Unless your leads come to you with an order in hand, it's a challenge to know what stage they are in your marketing pipeline, yet that knowledge is critical to ensure your communications are speaking to their position in the decision making/buying process which will drive them toward a sale.

Lead scoring takes data captured by your marketing automation system and frames that information in terms of where each prospect is along the buying journey. By pinpointing a prospect's location in the sales pipeline, it's then possible to help that lead progress along it. Scores rise as a lead gets closer to sales readiness, giving you a clear indication of what you and your marketing team's next steps should be and allowing you to focus your human resource attention on the prospects who merit it most.

With this contextualized view of your customers and their behavior, you'll also make your sales department more effective because every lead that comes to your sellers has already earned a high enough lead score to indicate sales readiness. Your marketing team delivers only fully nurtured and qualified leads instead of blindly tossing prospects over the wall and hoping someone in sales will catch them.

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Lead Scoring 101

The theory behind lead scoring is straightforward: Leads start at zero and accumulate points toward their sales readiness score by having certain characteristics, taking certain actions, and demonstrating certain behaviors that lead to a sale. They lose points when their actions take them farther away from sales readiness.

When scoring leads, it's useful to break scoring into three sections: demographic, behavioral, and contextual scores. Behavioral and contextual scores are counted together, but it's useful to see how behaviors placed in context give a more accurate image of a lead's sales readiness.

- **Demographic scores,** as their name suggests, include all the demographic and firmographic information you've amassed. These scores are derived from knowing who your audience is. If you sell medical equipment, for instance, leads whose job titles and industries place them within the healthcare sector will have higher scores than those in other fields as will a CMO versus a Research Analyst.

- **Behavioral scores** depend directly on the actions leads take when interacting with you. Clicking through on an email, downloading a white paper, Visitng a pricing page, and attending a webinar are some behaviors that might award different lead scores to prospects.

- **Contextual scoring** is based on their category of interest. Most companies sell multiple products and understanding which product your lead is most interested in is critical to your ability to maintain relevance. Your lead will tell you everything you need to know, but if you aren't observing and cataloging their behaviors, you will probably miss your golden opportunity to close the deal.

Lead scoring is cumulative, and this cumulative score comes from all three lead scoring elements. Maintaining a profile on each lead is necessary to establish their distinct footprint and osition in the buyer's journey. This cumulatively scored profile will serve instrumental in your marketing automation platform's ability to heighten relevance and improve velocity from early stage to happy new customer.

Establishing a Pre-Deployment Baseline

The data your customer relationship management system (CRM) contains is the foundation of a sound lead ranking strategy. Because you already know the outcome of past leads, this data represents a useful set of test cases for your lead scoring system. Feeding data about your past and current customers into the system lets you identify the areas where these CRM profiles align so your lead scoring system can prioritize them. By calibrating your marketing automation system using data you already have, you get more accurate results.

If you've ever seen a classic spy thriller, you've watched the team synchronize their watches so every stage of their complex strategy unfolds according to plan. That's a bit like what calibrating your system and defining your pre-deployment baseline using known data does for you. You're

matching the data that comes in now with data you already know to develop a customized lead scoring solution for your business.

Let's take a look at the terms that define where your leads are in the sales pipeline:

CRM	CRM lead	A new lead from your CRM system.
MCL	Marketing-Captured	A lead who's found you through SEO/SEM or other ways outside your CRM.
MAL	Marketing-Accepted	A lead whose behavioral data suggests that they are a prime prospect that warrants additional general knowledge.
MQL	Marketing-Qualified	A lead who has actively shared information with your marketing team and has a lead score high enough to warrant alerting the sales department.
SAL	Sales-Accepted	A lead who has been contacted by the sales team to confirm BANT qualifications.
SQL	Sales-Qualified	A lead who is ready to become a customer but hasn't yet committed.
CST	Customer	The end of your sales funnel – but not the end of your marketing automation process.

Note how many of these stages of the buyer's journey rely on placing behavioral data in context. Your MAL, for example, might evolve into MQL status by going from signing up for your newsletter, to downloading your whitepaper on a specific topic. This is a key behavioral change that your marketing AI will put into context as an important step toward sales readiness.

Live Deployment of Lead Scoring

After calibrating your lead scoring system and defining your leads' taxonomy, your marketing automation system is ready to receive new data with which it can monitor engagement, assess buying readiness and deliver both cumulative and contextual rankings to help your marketing team prioritize their efforts.

Lead scoring systems use both intrinsic characteristics and behaviors to map and rank prospects. Data from an existing CRM can provide much of the raw material for initial lead scoring, but important information can also come from surveys, preference pages or data enhancement through append services. For behavioral data, a marketing automation system that tracks every aspect of a lead across multiple marketing channels is a must.

The following sections detail some of the primary sources of information lead ranking systems use to generate their scores.

Demographic and Firmographic Lead Scoring Elements – Explicit Ranking Data

Some facts speak volumes about a lead's likelihood of further development. Demographic and firmographic information tell a scoring system how closely a lead fits the company's ideal customer profile. This explicit data is the foundation on which a lead ranking strategy rests, and it's vital to ensure that the information here is not only accurate, but most importantly centralized and standardized. Marketing Central Intelligence Alignment (CIA) ensures that your data is within one master repository and maintains a standardized coding structure to optimize the use of each record and their corresponding data elements.

- Job title
- Role (Function)
- Industry
- Company Size
- Company Revenue
- Budget
- Purchasing authority (decision-maker, researcher, part of a team?)
- Honors and awards
- Certifications and degrees
- Years of experience
- Preferred email platform
- Social network participation
- Professional group affiliations
- Location, including city, state and ZIP
- Lead source
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Behavior-Based Lead Scoring Elements – Implicit Ranking Data

How leads behave is highly correlated with their level of need and timing. That's why it's important for your marketing AI to keep a separate, cumulative behavioral score. Marketing automation software tracks how a lead interacts with your website, social media presence, emails, and other online and offline marketing channels to build a clear picture of where that lead is in the sales cycle.

Here are some behavioral cues to look for when gauging where leads are in the marketing pipeline and ranking their sales readiness. As implicit information helps your marketing automation assess interest directly, it's absolutely essential to monitor and score.

- Making requests for samples or free trials
- Signing up for newsletter subscriptions
- Viewing pricing pages
- Filling out contact forms
- Having a record of past buying habits
- Attending live-streamed events
- Downloading information

- Opening email
- Clicking through on email and click-to-open rates
- Attending seminars and tradeshows
- Increasing frequency, recency, and length of site visits
- Being responsive to telemarketing campaigns
- Staying on phone calls for longer periods
- Viewing content frequently and/or recently
- Participating in forums and blog comment sections
- Referring others to the site
- Retweeting, "liking," or sharing on other social media

You are almost there, but your leads' footprint isn't complete until you combine their demographic and behavioral characteristcs with their contextual interests. It's important to know that your target lead is a CMO for a mid-sized manufacturing firm, but if you don't know what product or service of yours they are most interested in pursuing, you can't effectively nurture them to sales qualified status. Their contextual interests complete the picture and establish that cimplete profile that will fuel your successful lead scoring program.

Negative Results as a Lead Ranking Elements

Sometimes prospects say more with what they don't do than what they do. These behavioral signals would be the equivalent of a stifled yawn or looking around the room instead of focusing on a conversation partner. Lead scoring systems assign negative numbers in some cases to move these leads down the list of priorities. Lead scoring should also build in a natural decay scoring strategy for leads that no longer interact with you over a given period of time.

Some examples include:
- Joining a do-not-call list
- Long periods of website inactivity (lost opportunity, changed jobs)
- High bounce rates
- Unsubscribe requests from email and newsletters
- Un-opened email messages
- Spam complaints
- Undesirable demographic profile
- Lack of response to telemarketing or email
- Negative comments on social media or blog posts

Sample Lead Scoring Results

Quantifying leads according to their explicit data and implicit engagement looks different from system to system, but generally, lead ranking software generates a detailed report on how every lead's score is calculated. Your pre-deployment baseline sets the criteria for evaluation, but with most lead-scoring software, each element should be further adjusted individually for fine-tuning.

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The following example is representative of what MAS lead scoring software might generate on a particular prospect's account for a company that sells productivity tools.

Explicit Data:	Score:	Reason for Score:
Company President	+15	(high authority equals high lead value)
Advertising-related SIC Code	+10	(Many of this company's customers are in advertising)
Ideal Customer Profile	+20	(extra points for meeting title, industry, and size ICPs)
MS in Computer Engineering	+7	(technical knowledge aligns well with current CRM base)
50+ employees	+5	(company size is a good fit for target market)
Active on social media	+5	(social media activity correlates closely with sales)
Location 100- 200 miles	+2	(a closer business would have a higher score here)
Behavioral Data:	Score:	Reason for Score:
Webinar download	+20	(webinar participants have historically been close to buying)
Newsletter subscription	+15	(newsletter readers are highly engaged)
Visited pricing page	+10	(a visit to the pricing page indicates high interest)
Time on site >5 minutes	+7	(more time at the site implies more engagement)
No response to telemarketing	-5	(this lead's interest doesn't extend to phone calls)
Total score:	121	

This lead is close to being sales-ready and needs very little incentive to go from prospect to customer. The lowest marks relate to the company's distance from the seller and the negative response to telemarketing. Knowing these details, the marketing team can then come up with strategies to lessen the potential impact of distance on this sale (offering 24/7 customer assistance via phone or website, for example) and to contact this customer by means other than the office phone.

Post-Deployment Lead Ranking Analysis and Optimization

An automated lead scoring system can crunch huge numbers, but its results appear in an easily read format. A graph of lead scores indicates the next steps your marketing team should take to capitalize on each lead's unique characteristics.

While scoring systems are customizable and can translate results into multiple formats, graphs along an x-y axis are becoming the industry standard. If the x-axis represents demographic fit and the y-axis indicates behavior, leads naturally fall into four quadrants:

- Those with a good fit and high engagement cluster appear at the upper right of the graph and are your highest priority. They're on the verge of buying and can often go directly to the sales team to close.

- Leads with a good fit but low engagement appear at the bottom right of the graph and represent long-term investments. Although they may not be customers yet, they have a higher than average likelihood of becoming buyers in the future with the right marketing messages over time.

- The data points in the upper left quadrant of your graph represent the outsiders, leads with high engagement who look little like your current customers demographically. They're rare, but these leads can indicate an untapped new market and deserve further study. Your marketing team should contact these leads and learn more about them to find out more about their interest.

- At the lower left are leads with low engagement and an unlikely fit. Their lead scores are the lowest and indicate that they are the lowest priority for your marketing department. As with all leads, they may change over time, but they should not be the focus of a major marketing campaign.

Troubleshooting Your Lead Scoring System

Lead scoring is a moving target. As leads take new actions, their profile and scores will change, so your marketing automation tools must keep pace with these changes by continuously updating profiles. Your marketing team will look at your results over time to pinpoint wins and losses. If high-scoring leads fail to result in sales, it's vital to understand why. These cases are often the most instructive, so examine them carefully. Your team can then account for similar cases in the future by adjusting the information measured or sensitivity of your lead scoring system.

Leads can only occupy one point along your sales pipeline, and content must be calibrated to that prospect's current state of sales readiness. A thorough nurturing campaign is the essential ingredient that supports sales by maximizing the profitability of every lead. Without an effective scoring system that's connected to your content management and delivery system, your leads' positions are an unknown quantity; that means you aren't able to deliver the specific content they need. A fully integrated marketing automation system is the ideal tool to find where leads are along their buying journey and place them into the proper drip nurture campaign.

A mismanaged or siloed scoring system that fails to take demographical, behavioral, and contextual information into account will likewise not produce good results. Even if you have a lead scoring system that tells you where a lead is now, if it's unable to track prospect's progress over time and assign them to nurture tracks it will never capitalize on your opportunities. Without actionable insights that feed the right nurture campaign to send the right content at the right time, you're wasting your effort and your leads' time.

Conclusion: Lead Scoring Is a Force Multipliers for Marketers

With properly calibrated lead scoring tools, your marketing team's messages go to the right leads at the right time with the right message for maximum impact. You're able to locate leads precisely within your sales pipeline so you can deliver exactly the content needed to guide your prospects to the next phase of sales readiness. Reach Marketing harnesses the power of lead scoring for B2B clients who want to make every marketing effort count.

About Reach Marketing

Reach Marketing provides integrated solutions that fuse traditional marketing methods with leading-edge technological advances. This confluence of innovation and tradition gives clients unparalleled access to the data they need to shape more effective campaigns. Reach's inter-disciplinary team brings together marketing specialists, software developers, IT experts, database marketers, analysts and SEO/SMO specialists in one powerful multi-channel marketing force.

The dedicated professionals on the Reach team have positioned the firm at the industry's forefront and continue to look toward the future of marketing as it continues to evolve.