The State of Leads in America

Productivity Rates by Lead Source

2014

INTRODUCTION

Every business needs sales leads. But you need quality as well as quantity. Which lead sources are the most productive? Where should you go to acquire the leads that will convert to revenue? In late 2014, Warm-Transfer tracked two million leads for three months to uncover the benchmarking data presented in this report.

BACKGROUND

Warm-Transfer, a service of Customer Solutions Group, handles leads bought or generated by large companies selling insurance, mortgages, and other products. Every quarter, nearly two million fresh leads are fed into the Warm-Transfer system, to be called, qualified, and then transferred over to client sales teams for closing.

With so much data passing through its hands, Warm-Transfer management gains deep insights into lead performance.

LEAD SOURCES

Consumer leads are readily available from many sources. For this study, Warm-Transfer analyzed data by three source categories: web-based lead vendors, house-generated leads, and re-contacts.

WEB-BASED LEAD VENDORS

Web-based vendors are companies such as Bankrate, Allweb, QuinStreet and Moss Affiliate Marketing, which collect contact information of consumers looking online for information in car insurance, home mortgages, and other areas. The vendors then sell these names as sales leads, usually on a cost-per basis, to multiple companies (usually a maximum distribution of three to seven firms).

STUDY METHODOLOGY

To produce this benchmark data, Warm-Transfer analyzed the activity of nearly two million client leads received and processed during the period July-August 2014.

About 88% of the leads in this study—well over a million—were provided by 15-20 web-based lead vendors. About 11% were from house-generated sources, and re-contacts comprised the remaining 1%.

Warm-Transfer dialed the leads, using the tools and processes developed over 21 years in business, and tracked the results. Warm-Transfer continuously optimizes its calling methods, with the goal of extracting the most value from the leads received, using proprietary data analytics to assess key variables such as the time between dials, the number of dials and time of day.

LEADS PROCESSED by WARM-TRANSFER JULY-SEPT 2014

LEAD SOURCE	BAD LEADS	UNCALLABLE LEADS	REACH RATE	TRANSFER RATE
WEB-BASED LEAD VENDORS	8.9%	9.1%	43.6%	11.7%
HOUSE-GENERATED	7.2%	8.8%	50.4%	19.2%
RE-CONTACTS	5.2%	10.1%	65.5%	19.2%

HOUSE-GENERATED LEADS

Insurance, mortgage, and other companies also conduct their own direct marketing, advertising, and web-based lead generation campaigns, the responses to which are best qualified before being taken up by the in-house sales team.

RE-CONTACTS

These are leads from all sources that were previously called, transferred and given price quotes, but didn't convert to a sale. These names are put back in the pot to be called, qualified and transferred again.

DEFINING A "BAD" LEAD

Marketers classify leads as "bad" for many reasons. Wrong numbers. Disconnects. A language barrier. These leads are unproductive because they cannot be qualified.

When evaluating lead performance, bad leads and duplicates are usually grouped together into an "uncallable" category. Leads that prove uncallable may entitle the buyer to a credit or make-good lead from the vendor.

Sales people sometimes dislike lead programs solely because bad leads create the perception of poor overall lead quality. However, a good lead handling process keeps bad leads away from sales people, freeing up their time and boosting their morale.

REACH RATE AND NET TRANSFER RATE

In the chart above, reach rate means the percent of the total leads in which a caller connected with a human, by phone. This is sometimes called the contact rate. The transfer rate is the percent of total leads that were qualified and transferred to the client sales team.

DO CALLING POLICIES MATTER? A LOT!

Lead calling policies set by clients, such as the script and the dialing frequency, impact the reach rate, qualification rate and transfer rates. These apparently "minor" decisions often play a larger role in success and ROI than may be fully understood. It's easy to underemphasize the importance of calling policies.

OBSERVATIONS

The Warm-Transfer study shows that on average, companies that buy or generate leads should expect that:

- Between 9 and 10 percent will be unusable at the outset
- About 44 to 66 percent will be reachable by phone
- Approximately 12 to 19 percent will be tele-qualifiable to the level of being transferable to their sales teams for follow-up

Marketers who are buying or generating web-based leads today should be benchmarking themselves against this kind of high-volume, multi-vendor data. In other words, if you are buying Internet-source leads, are you experiencing a transfer rate to your sales team of greater than 11.7 percent? If not, you have opportunity to fine-tune your program.

At the same time, marketers who buy leads from web-based lead vendors should be aware that these leads are also being purchased by their competitors. Very likely the marketer who reaches the consumer first will have the best chance of conversion to transfer and eventually to a sale.

Warm-Transfer

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DOES PRICE PER LEAD MATTER? NOT SO MUCH

When it comes to leads, price is a poor predictor of lead quality. Sometimes more expensive leads yield a better ROI, once variables like reach rate and transfer rate are factored in. At other times, less expensive leads achieve the better ROI.

For example, consider the reach rate of leads from web-based lead vendors. Leads in this category averaged 43.6% reach rate, but for individual clients the reach rates varied from a high of 60% to a low of 41.5%. A company paying a few cents more for leads with higher contact rates may come out ahead of firms that purchase the cheapest leads but don't connect with as many consumers. It's easy to overemphasize the importance of price per lead.