



Interactive Advertising Bureau Marketer & Agency Guide to Lead Quality

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Executive Summary

This document reviews the definition of Internet lead quality, the aspects of lead quality, and the impact of lead quality on advertisers and agencies that rely on Internet leads as a critical component of their marketing strategy and/or business model. This document also addresses how to quantify the various aspects of lead quality and generate lead quality ratings scores, and provides some guidelines for ranking the aspects of lead quality based on specific industry benchmarks.

Why Should I Care About Lead Quality?

For advertisers, lead quality may have a direct impact on marketing return on investment and on sales operational efficiency. Buying large volumes of low quality leads could mean that you are spending a significant portion of your advertising budget on leads that have little chance of converting into customers. Moreover, the time and effort your sales force spends on trying to convert these low quality leads is time and effort taken away from focusing on the high quality leads, meaning that some leads with a high probability to convert are not receiving the prompt attention required to convert them into customers right away.

Lead quality may also have a significant impact on agencies. Because the lead generation business is so highly competitive, agencies that focus on improving the quality of the leads they provide to their advertiser clients may be able to differentiate themselves from their competition, which can influence advertisers into directing a higher percentage of their advertising budget to those agencies. In addition, high quality leads are generally less likely to be returned by the advertisers, enabling agencies to monetize more leads.

As the lead generation industry is shifting from a model based on quantity to one based on quality, it is critical that advertisers and agencies carefully measure and monitor lead quality. After all, the Internet is becoming an even more important advertising medium for advertisers, whether those are global enterprises or small and medium sized businesses advertising at the local level.

What is Lead Quality?

Generally, “Lead Quality” describes the assessment of the consumer’s genuine interest in the advertiser’s product or service, and therefore, the likelihood that the consumer can be converted into a customer. No matter what the advertiser or marketing medium is, it is generally accepted that a “high quality” lead typically has a greater chance of being converted than a “low quality” lead. However, when it comes to Internet leads, lead quality has often been a subjective concept for each individual advertiser, and the determination of lead quality has been driven by whether or not leads converted.

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During a telephone or in-store interaction between a consumer and a product seller or service provider, there is usually an opportunity for the sales person to proactively gauge the consumer's level of genuine interest and make a real time determination in the likelihood that individual will become a customer. Unfortunately, Internet leads do not provide that real-time interaction. As a result, advertisers have historically been forced to judge a lead's quality by whether or not they convert into a customer. By understanding that Internet leads have measurable components that can reflect the consumer's intent, or influence an advertiser's ability to convert leads into customers, advertisers can proactively measure the quality of each individual lead prior to funneling those leads to their call center or direct mail fulfillment center.

These components include the where, when, and why a consumer provided their contact information to an advertiser. More specifically, these refer to the channel through which the lead was generated, how long ago the lead was generated, and the motivation or inducement for the consumer to provide their contact information. Additional components include the exclusivity of a lead and verification that the input data is accurate and actionable. Each of these components has a degree of influence on the overall quality of a lead.

**The ratings and examples supplied in this document are suggested. It is ultimately up to the advertisers and their agencies to determine the relative importance of these components, what their minimum thresholds are for lead quality, and ultimately define their own set of requirements for accepting Internet leads.*

Definition of Lead Quality Components

Given the subjective nature of lead quality discussed above it truly is in the advertiser's best interest to define a unique set of requirements for accepting leads. Despite this, there are a number of set components that, if defined and measured properly, can set the foundation for determining lead quality. To further breakdown the components mentioned above, the IAB's Lead Generation Committee has defined five specific components that typically have the greatest impact on lead quality:

Lead Origination, as it applies to online lead generation, refers to the specific advertising medium used to capture both consumer interest and consumer information. Lead Origination answers the question, where and how are my leads being generated?

Ex. Search Engine Marketing: A consumer conducts a search, clicks on a sponsored listing, and is driven to a micro site owned by an advertising agency. The micro site has a form to request information about the advertiser's product/service. The consumer fills out the information and continues to search the web for other relevant product/services offerings.

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Consumer Motivation, as it applies to lead generation, refers to the reason(s) that the consumer filled out the lead generation form. Consumer Motivation answers the questions:

- What was behind the consumer taking action?
- Was the action proactive or passive?
- Was the action planned or impulsive?
- Was the lead generated as part of an “up sell” or did they only respond to one product?
- What specifically piqued the consumers’ interest?
- Were they genuinely interested in my product/service or was it an incentive that caused them to take action?

Lead Exclusivity, as it applies to lead generation, refers to whether or not the lead is sold to one advertiser or multiple advertisers. *Lead Exclusivity* is dependant on whether or not the lead was generated for a specific brand or advertiser, or alternatively, a generic product or service where a consumer is likely to be price shopping or comparing similar products.

If the lead is advertiser specific, then, generally, it should only be sold once. If the consumer has responded to a generalized offer, *Lead Exclusivity* refers to how many times that lead is sold. It is generally accepted that the more times a lead is sold, the less value it may have to an advertiser because they are potentially competing with several other advertisers. *Lead Exclusivity* answers the following questions;

- Are you using a generic lead form or one that incorporate my brand?
- If generic, how many times will the lead then be sold?
- Will the consumer select the advertisers they wish to be contacted by, or will their selection be made by the marketer?
- Does your product have such a high competitive advantage that consumers will choose yours over other lead buyers?
- How quickly and aggressively can I follow-up with said lead?

It is usually much more common for generic leads to be generated and sold multiple times in the financial services and real estate markets.

Lead Age, as it applies to lead generation, refers to the time it takes from the submission of the lead form to the delivery of that lead to the end buyer.

Generally, advertisers who buy Internet leads see great value in following up on a lead immediately, in other words, contacting the consumer while the lead is “hot” – typically under 24 hours. Further, the highest value is usually placed on “real-time” leads, meaning a lead is transferred to them upon submission of the lead

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form. Advertisers may also see a severe degradation of the lead's value even after a single day.

Verification of Data Fields, as it applies to lead generation, refers to whether or not the information submitted by the consumer through a lead generation form is verified using either a) internal technology or b) a 3rd party verification provider. *Verification of Data Fields* is critical to lead quality because there is no inherent manner to prevent a user on the Internet from entering inaccurate information, either fraudulently or due to data-entry error. Verifying the data prior to sending the information to the advertiser's call center can prevent spending time and effort trying to contact the wrong person or reaching out to a non-existing phone number or address.

Measurement of Lead Quality Components

Each of the five components defined above can be measured. To assist with that measurement, the IAB's Lead Generation Committee developed ten-point scales for each component. This section provides guidelines for determining how to place a lead on the ten-point scale for each individual component.

Lead Origination

To measure the impact of Lead Origination, it is first necessary to determine the channel through which the lead was generated. The six options are:

1. Search
2. Portal
3. Non-Portal Publisher
4. Ad Publisher Network
5. Lead Network
6. Co-Reg/Transactional Provider

Once the channel is determined, there are a set of eight questions to ask and apply scores to in order to build an overall rating of 1 to 10. The questions, and suggested ratings of each answer, are:

1. Is the pricing based on a Pay for Performance model?
 - a. Yes = 1
 - b. No = 0
2. Do you have control over the advertising creative?
 - a. Yes = 1
 - b. No = 0
3. Do you have control over the response vehicle?
 - a. Yes = 1
 - b. No = 0
4. Do you have the ability to manage the brand?
 - a. Yes = 1
 - b. No = 0
5. Did the consumer have to opt-in to enter their contact information?
 - a. Yes = 1
 - b. No = 0
6. Was the consumer given an incentive to enter their information?
 - a. Yes = 0
 - b. No = 2

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7. Was the lead generated on a site that targets the advertiser’s ideal demographic?
 - a. Yes = 1
 - b. No = 0

8. Was sufficient information captured on the lead form for the advertiser to generate a sale?
 - a. Yes = 2
 - b. No = 0

It is important to note that questions 6 and 8 carry more weight than the other questions. In addition, question 6 is the only question in which a “No” response generates a higher score than a “Yes” response.

This scale can be graphically displayed in a simple grid like the one below. By determining the channel through which the lead was generated and answering the eight associated questions, you can easily derive a score for measuring the Lead Origination component.

	Pay for Performance Pricing [Weight: 1]	Control over advertising creative [Weight: 1]	Control Over Response Vehicle [Weight: 1]	Ability to Manage the Brand [Weight: 1]	Opt In [Weight: 1]	Incentive Usage [Weight: 2]	Audience Targeting [Weight: 1]	Sufficient Information for Advertiser to Generate Sale [Weight: 2]	TOTAL SCORE
Search									
Portal									
Non-Portal Publisher									
Ad Publisher Network									
Lead Network									
Co-Reg/ Transactional Provider									

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Consumer Motivation

The Lead Generation Committee analyzed both Advertiser-based incentives and Publisher-based incentives to calculate suggested relative values of lead quality. In general, leads generated without incentives may rate higher than those where data was captured in conjunction with a giveaway or sweepstakes-type offer.

The Committee categorized Advertiser-based incentives and scored each category as follows:

Advertiser Incentive	Definition	Quality rating (1-10)
Sweepstakes entry	Get entry into sweepstakes with submission	2
Free sample	Get free sample with submission	2
Free gift for free trial	Get free gift with product trial (i.e. continuity club) with submission	3
Free coupon	Get coupon sent in mail or immediately with submission	4
Free trial	Get free trial (i.e. magazine) with submission	5
Free quote	Get free quote (i.e. mortgage, auto) with submission	7
Free information	Get free information (i.e. tourism guide) with submission	9
Newsletter sign-up	Get periodic newsletters with submission	9
Other?		

As is demonstrated, as the incentive moves away from prizes and giveaways to more informational in nature and genuinely interested in the product, service, or the company itself, the overall quality rating may increase.

Another variable associated with Advertiser-based offers is the level of financial commitment by the consumer, as measured by what kind of personal information they are asked to provide and actually do provide. For example, if a client voluntarily provides a credit card number, that may represent a higher level of intent than merely providing information such as their home address. The Committee rated financial commitment as follows:

Advertiser Incentive	Definition	Quality rating (1-10)
Financial commitment - Low	Must provide some personal data (i.e. address) with submission	3
Financial commitment - Med	Must provide credit card with submission	7
Financial commitment - High	Must provide social security number or ABA number with submission	9

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Additionally, the Committee considered whether the form asked additional qualifying questions. The determination of the Committee was that a lead submitted with qualifying questions answered by the consumer added 3 points to the quality rating.

With respect to Publisher-based incentives, the Committee generally felt that lead quality may be much lower on publisher sites that offered free gifts as incentives to consumers. The Committee rated Publisher-based incentives as follows:

Publisher	Definition	Quality rating (1-10)
Free gift (ipod, gas card)	Get free gift (i.e. ipod) when consumer takes required offers	2
Sweepstakes entry	Get entry into sweepstakes when take required offers	2
Points	Get points when take required offers	4
Ad placements	Banner or text links click-through to form	7
Contextual	Banner, text links or form are placed in contextual placement	7
Publisher endorsed	Form is endorsed by the publisher (i.e. "we recommend 'X' brand")	9

Comment [MSOffice1]: What is a required offer?

Lead Exclusivity

The Lead Generation Committee suggests the scale below to quantify Lead Exclusivity.

# of Times the Lead is Sold	Value (10 point scale)*
Lead sold 1 time	10
Lead sold 2 times	6
Lead sold 3 times	4
Lead sold 4 or more times	2

*10 is the highest quality rating. 0 is the lowest quality rating.

Lead Age

The Committee developed a scale based on rating leads based on the length of time elapsed from form submission by the consumer to transfer of the lead to the advertiser. Generally, "real-time" leads rated highest, and leads that were one week old or older had the least value. Below are examples of scales derived by advertisers from particular industries.

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Advertiser - Education	
Age of Lead	Score
Real Time	10
1 day old	7.5
2 days old	5
3 days old	4
4 days old	3
5 days old	2
6 days old	1
7+ days old	0

Advertiser - Insurance	
Age of Lead	Score
Real Time	10
1 day old	9
2 days old	7.5
3 days old	6
4 days old	5
5 days old	3
6 days old	2
7+ days old	1

Advertiser - Healthcare	
Age of Lead	Score
Real Time	10
1 day old	7.5
2 days old	5
3 days old	4
4 days old	3
5 days old	2
6 days old	1
7+ days old	0

Advertiser - Mortgage	
Age of Lead	Score
Real Time	10
1 day old	7.5
2 days old	5
3 days old	4
4 days old	3
5 days old	2
6 days old	1
7+ days old	0

In addition, the Committee obtained input from Ad Networks and Lead Aggregators/Portals, to provide examples of how they might measure the impact of the age of a lead on overall lead quality from the perspective of companies that generate and sell leads to their advertiser clients.

Ad Network	
Age of Lead	Score
Real Time	10
1 day old	7.5
2 days old	5
3 days old	4
4 days old	3
5 days old	2
6 days old	1
7+ days old	0

Lead Aggregator/Portal	
Age of Lead	Score
Real Time	10
1 day old	9
2 days old	7.5
3 days old	6
4 days old	4.5
5 days old	3
6 days old	1
7+ days old	0

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Verification of Data

The Committee suggests the following scale to measure how robust different methods may be for verifying the accuracy of the data entered on a lead form.

Scale	Data Verification Technique
10	Every lead has been manually verified (lead answered the phone and confirmed interest) by someone from your team before lead has been sold.
9	Most leads have been manually verified and the rest have been put through a third party data verification solution
8	Some leads have been manually verified and the rest have been put through a third party data verification solution
7	Every lead has just been put through third party real-time data verification solution to confirm that name, address and phone numbers are all good to contact
6	Most leads have been put through third party real-time data verification solution and the rest have just been put through USPS/Area Code Validation filters
5	Some leads have been put through third party real-time data verification solution and the rest have just been put through USPS/Area Code Validation filters
4	Every lead has been put through a USPS/Area Code validation solution to confirm that the lead's address exists and phone number is potentially valid in given geography
3	Most leads have been put through a USPS/Area Code validation solution and the rest have been de-duped and checked for obscenities
2	Some leads have been put through a USPS/Area Code validation solution and the rest have been de-duped and checked for obscenities
1	Every lead has just been de-duped and checked for obscenities-- no other verification or validation procedures in place
0	No verification techniques currently in place. Raw leads are submitted directly to clients.

Building a Lead Quality Scoring Model

The previous section discussed applying rating scales to each of the five key components of lead quality. This section discusses taking those ratings scales and using them to build a single lead quality scoring model, which can be used to apply a single lead quality score to each individual lead.

Ranking the Components

The first step is to consider the five components and determine the relative importance of each component. Are they all equally important, or is one or more components considered critical? Depending on your business, addressing this question could possibly determine what types of leads you will buy and who you will buy them from.

To illustrate, the Committee surveyed advertisers in various industries and asked them to rank the five components in order of their relative importance and impact on overall lead quality. The results are listed below:

Advertiser - Education	
Category	Rank
Consumer Motivation	1
Data Verification	2
Lead origination	3
Age of Lead	4
Exclusivity	5

Advertiser - Healthcare	
Category	Rank
Consumer Motivation	1
Exclusivity	2
Data Verification	3
Age of Lead	4
Lead origination	5

Advertiser - Insurance	
Category	Rank
Consumer Motivation	1
Lead origination	2
Data Verification	3
Age of Lead	4
Exclusivity	5

Advertiser - Mortgage	
Category	Rank
Data Verification	1
Consumer Motivation	2
Lead origination	3
Age of Lead	4
Exclusivity	5

As evidenced by the above tables, all of the advertisers felt lead quality is heavily influenced by the consumer motivation for submitting the lead form. Conversely, the exclusivity of the lead is generally not as significant a factor in determining the overall lead quality.

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For lead aggregators and ad networks, the rankings are quite different, as shown here:

Lead Aggregator/Portal		Ad Network	
Category	Rank	Category	Rank
Consumer Motivation	1	Age of Lead	1
Age of Lead	2	Data Verification	2
Lead origination	3	Lead origination	3
Data Verification	4	Exclusivity	4
Exclusivity	5	Consumer Motivation	5

Lead Aggregators generally felt that consumer motivation is critical to overall lead quality, as is getting the lead to the advertiser as rapidly as possible. On the other hand, Ad Networks may place relatively little importance on the consumer motivation, but be highly motivated to deliver real-time leads that have been through some sort of data verification process.

Assigning Weights to the Components

Once you have ranked the five components based on your business requirements, you can then assign a weight multiplier to each component. This will essentially regulate how much influence each component will have on an overall lead quality score. For example, if “Lead Exclusivity” is ranked as the least important component and it has a low score on its 10-point scale, that low score will not drag the entire lead quality score down if the other components have high scores.

An effective model is to basically determine the percentage of each component’s impact on the overall score and then multiply the score for each component by that percentage. The advantage of this model is that the resulting score will always be on a 10-point scale. This model is outlined below.

Advertiser - Mortgage				
Category	Rank	Weight	Best Score	Worst Score
Data Verification	1	35%	3.50	0.00
Consumer Motivation	2	25%	2.50	0.00
Lead origination	3	18%	1.80	0.00
Age of Lead	4	17%	1.70	0.00
Exclusivity	5	5%	0.50	0.00
		100%	10.00	0.00

In this example, an advertiser in the mortgage industry has ranked data verification as the most important component of lead quality, and has assigned a percentage of 35% to the overall lead quality score. At the other end of the spectrum, “Lead Exclusivity” ranks fifth and has only a 5% influence on the overall lead quality score.

Deriving a Lead Quality Score

After applying percentages to the five components, you can easily calculate a total Lead Quality Score by plugging the component scores into your model. This will calculate an overall score on each individual lead. To demonstrate, let’s use the percentage model we discussed above.

Advertiser - Mortgage						
Category	Rank	Weight	Best Score	Worst Score	Component Score	Actual Score
Data Verification	1	35%	3.50	0.00	7	2.45
Consumer Motivation	2	25%	2.50	0.00	6	1.50
Lead origination	3	18%	1.80	0.00	8	1.44
Age of Lead	4	17%	1.70	0.00	10	1.70
Exclusivity	5	5%	0.50	0.00	10	0.50
		100%	10.00	0.00	LQS =	7.59

In this example, we entered the component scores and multiplied each score by its associated percentage. This resulted in an overall Lead Quality Score (LQS) of 7.59 on a 10 point scale.

Applying the Lead Quality Score

A Lead Quality Score can be a very powerful tool as you measure the effectiveness of your Internet lead operations. Below are a few examples of how you can use a Lead Quality Score in your business.

Prioritizing and Assigning Leads. You can use a Lead Quality Score to prioritize the order in which you follow up on the leads you buy. Leads with a high LQS can be moved to the front of the queue, since they may have the highest likelihood of conversion. Moreover, you can optimize your operations by setting guidelines on how many attempts your sales force will make to reach a prospect based on that leads LQS. If a lead has a low LQS, you may want to limit the number of attempts since the likelihood of conversion is lower and you are using resources that could be working on higher probability leads. Finally, you can also use an LQS to assign leads to specific sales agents or to present custom offers to prospects with a high LQS. This means you can have the right agent making the right offer to the right prospect, resulting in higher conversions with more efficient sales efforts.

Measuring Lead Sources. Another potential use of an LQS is to measure your lead sources. You can compare the scores for leads from each source and make informed decisions on where you want to focus your advertising budget. This can also be a useful tool when you negotiate pricing with your lead sources. Finally, you can set minimum LQS requirements that a lead source must adhere to in order to keep their status as one of your lead sources.

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Questions Advertisers Can Ask:

1. What are different methods of measuring actual conversion or “closing ratio” on leads by source?
2. How can I “score” leads in real time while maintaining a consistent positive customer experience?
3. What is the most effective way for me to verify email addresses?
4. What is the most effective way for me to verify phone numbers?
5. What are some ways I can score data verification?
6. How can I calculate a Lead Quality Score in real-time to better manage my call center queue?

About IAB

Founded in 1996, the Interactive Advertising Bureau (IAB) represents over 250 leading interactive companies that are actively engaged in, and support the sale of interactive advertising. IAB members are responsible for selling over 86% of online advertising in the United States. On behalf of its members, the IAB evaluates and recommends standards and practices, fields interactive effectiveness research and educates the advertising industry regarding the use of interactive advertising. For more information, please visit www.iab.net.

About IAB Lead Generation Committee

The mission of the IAB Lead Generation Committee is to define best practices that ensure lead quality and improve conversion; and, educate marketers and agencies on lead generation/customer acquisition as a cost-effective vehicle for advertisers to drive high quality customers. The committee will also evangelize lead generation targeting new industries not utilizing lead generation today.

IAB Lead Generation Committee Members

24/7 Real Media, Inc.	Cox Newspapers, Inc.	Permission Data
360i	Edmunds.com	PointRoll
Active Response Group	Enpocket	Q Interactive
Advanstar Communications, Inc.	Geary Interactive	Return Path
Advertising.com	GSI Commerce	SendTec
Alansis Media	IDG	TARGUSinfo
AOL	Innovation Ads	TMP Directional Marketing
AtomShockwave Corp.	iVillage, Inc	Univision Online
Autobyte Inc.	Move, Inc.	ValueClick, Inc.
Blue Lithium	MSN	VendareNetblue
CMP Media LLP	NextAction	WebTrends
Commission Junction (ValueClick)	Organic Inc.	