



**IAB Online Lead Generation:  
Lead Quality Accountability Best Practices for  
Advertisers and Publishers**

Released December 2008

**These Best Practices have been developed by the IAB Online Lead Generation Committee.**

**About the IAB Online Lead Generation Committee:**

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

**A full list of Council member companies can be found at:**

[http://www.iab.net/member\\_center/35088?iabid=a0330000000pA4BAAU](http://www.iab.net/member_center/35088?iabid=a0330000000pA4BAAU)

**This document can be found on the IAB website at: [www.iab.net/leadquality](http://www.iab.net/leadquality)**

**IAB Contact Information:**

Jermaine Griffin  
Manager of Industry Services, IAB  
212-380-4704  
[jermaine@iab.net](mailto:jermaine@iab.net)

Jeremy Fain  
Vice President of Industry Services, IAB  
212-380-4724  
[jeremy@iab.net](mailto:jeremy@iab.net)

## **Table of Contents**

---

<b>Executive Summary.....</b>	<b>3</b>
<b>Defining Lead Quality .....</b>	<b>4</b>
<b>Defining an Invalid Lead .....</b>	<b>4</b>
<b>Definition of Online Lead Generation.....</b>	<b>4</b>
<b>Evaluating Leads.....</b>	<b>7</b>
<b>Reporting Converted Leads .....</b>	<b>9</b>

## Executive Summary

---

The Lead Quality Best Practices were developed by interviewing 20 leading online lead generation companies across 9 major verticals: automotive, insurance, education, pharmaceutical, continuity clubs, financial services, retail and CPG. These companies were asked what their definition of lead quality is, how they evaluate lead quality, and how they communicate the quality of those leads to the publishers who generated them.

Lead quality is a core evaluation standard for advertisers, agencies and publishers. For advertisers, lead quality has a direct impact on return on investment for marketing and on operational efficiency for sales. Buying large volumes of low quality leads means that advertisers are spending a significant portion of their advertising budget on leads that have little chance of converting into customers. Moreover, the time and effort the advertiser's 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 also has a significant impact on agencies. Because the lead generation business is highly competitive, agencies that focus on improving the quality of the leads they provide to their advertiser clients are able to differentiate themselves from their competition, which can influence advertisers into directing a higher percentage of their advertising budgets to those agencies. In addition, high quality leads are less likely to be returned by the advertisers, enabling agencies to monetize more leads.

Lead quality is important for publishers as well. High quality leads must be generated in order for the publisher to get fully paid for those leads, and more importantly, for the publisher to foster long-lasting relationships with advertisers and agencies. In order to accomplish this, publishers need insight into lead quality from advertisers and agencies through feedback loops so they can optimize leads.

Lastly, lead quality is beneficial to consumers. Consistent with industry movement in the past decade such as National Do Not Call Registry and CAN-SPAM, consumers should be protected from unwanted solicitations. If publishers use lead quality as a feedback loop to improve targeting, then presenting irrelevant ads to consumers will be reduced. In addition, as targeting is improved, consumers who are truly interested in the product or service are more likely to be contacted.

The recommendations outlined in this document address two main areas:

1. Define best practices for advertiser sharing of invalid leads with publishers to improve the process of accounting for leads.
2. Define best practices for advertiser sharing of converted leads with publishers to improve advertiser conversions and ROI.

The document is organized by first defining an invalid lead, then recommends a standardized process for evaluating leads, and finally discusses creating feedback loops for converted leads with publishers. Key recommendations include:

- Publishers and advertisers should establish the definition of a valid and invalid lead upfront in the contract.
- Advertisers should return invalid leads to publishers with detailed reason codes in real-time or in a timeframe agreed to upfront.
- Publishers should use returned invalid lead data to optimize traffic sources, improve creative, and refine targeting.
- Advertisers should return converted leads to publishers based on a timeframe that matches their evaluation cycle if permitted by advertiser privacy and corporate policies. Publishers should use converted lead data to further optimize traffic, improve creative, refine targeting, and build custom targeting models to identify future valuable customers.

This document represents the second installment in a series of IAB lead quality initiatives. The first installment is titled the IAB Marketer and Agency Guide to Lead Quality and can be found here:

[http://www.iab.net/iab\\_products\\_and\\_industry\\_services/1421/1443/1476](http://www.iab.net/iab_products_and_industry_services/1421/1443/1476)

## ***Defining Lead Quality***

For advertisers, the goal of online lead generation is to acquire qualified leads that can be converted into sales at a price point that will produce a fair profit. With this goal in mind, lead quality is a measurement of how likely a lead is to result in a sale. Lead quality is impacted by three principle factors: data validity, user intent, and conversion propensity. A lead must have good data validity or the lead may be unqualified or impossible to contact for follow-up activities. A lead must have a reasonable level of interest (intent) in the product offering. Finally, a lead must be a good fit for the advertiser's offering (conversion propensity) or the follow-up sales effort will not be effective.

## ***Defining an Invalid Lead***

Before defining an invalid lead, it is important to first define Online Lead Generation.

### **Definition: Online Lead Generation Offers on a Publisher Website**

While registering on a publisher website, the consumer is presented with lead generation offers from third party advertisers. Consumers may select offers of interest, fill out a form(s) providing additional personally identifiable information<sup>1</sup> (PII), and give consent to share their PII with the advertiser or third parties. In exchange, the consumer receives information or services from the advertiser (e.g. free quote, newsletter, or coupon).

Publishers generally offer two types of online lead generation to advertisers: 1) Simple offers where the consumer may sign up for the offer without entering additional information, and 2) Custom offers where the consumer is required to enter additional information in order to sign up for the offer.

The PII provided by consumers may be as simple as first name, last name and email address. Additional contact information may also be collected such as physical address and phone number. Demographic information may be required to complete the offer which could include household income and average monthly mortgage payment.

### **❖ A lead with incorrect data is invalid.**

Invalid data includes information provided by consumers that cannot be used to contact them or disqualifies them from the offer. Data may include:

- Required fields that are incomplete
- Bogus, celebrity, or profane names
- Email addresses that hard bounce or lead to a spam trap
- Email addresses that are known to have bounced previously
- Postal addresses that do not exist, and/or that the consumer listed on the lead does not live at that address
- Phone numbers that do not exist, are disconnected, and/or are not the consumer's actual phone number
- Credit card authorization declines
- Leads that are outside of the required geographic target
- Leads that are outside of the required demographic target
- Answers to questions on the form that disqualify the consumer from the advertiser's offer
- Duplicates sourced within the same provider

---

<sup>1</sup> According to the IAB, PII means information that can be used to identify, contact or locate a consumer and refers to information such as an individual's first and last name coupled with, mailing address, phone number or e-mail address.

Depending on the vertical, some of the above data may still be considered valid. For example, some advertisers may still attempt to convert a lead even if the consumer on the lead does not match the physical address. In this case, even if a consumer may not have filled out the lead, there is still a chance that he/she is interested in the service and there is a possibility of conversion. In some circumstances, invalid data may also include leads with accurate data that are generated by misleading a consumer via fraudulent or misleading creative.

❖ **Advertisers should not contest lead validity based on conversion rate.**

The publisher should generate leads according to the advertiser's specifications for a valid and invalid lead as outlined in the contract. Both the advertiser and the publisher should not mislead consumers into completing offers. A low conversion rate may impact the value and price an advertiser is willing to pay for a lead, but advertisers should not define a lead as invalid if these guidelines are followed.

❖ **Missing required fields is a less common reason for invalid leads as most publishers have mechanisms to check that all fields are complete prior to lead delivery. Fields required should be included in publisher contracts with advertisers.**

Feedback from advertisers and agencies indicate that the majority of publishers have real-time mechanisms in place to verify that all required fields are completed prior to lead delivery. It is important that advertisers and agencies ensure that publishers have these mechanisms in place prior to the start of their campaign or are contractually able to return and not pay for leads with fields missing. Each required field should be outlined on the publisher contract upfront so it is clearly understood by all parties what is critical for a valid lead.

❖ **Invalid phone numbers, bogus names, email addresses and postal addresses are common reasons for invalid leads.**

Verticals such as education, insurance and financial services (e.g. mortgage, debt consolidation) rely on and must have a valid phone number to contact leads to convert them into customers. These verticals may contact their leads via phone from 3 times to up to over 20 times to reach consumers. If the phone number is invalid, the lead is typically deemed worthless as many providers do not engage in direct mail or email communications as their primary contact vehicle.

Verticals such as retail, consumer packaged goods and pharmaceuticals rely on and must have a valid email address to contact leads. These verticals typically contact their leads in real time using triggered emails or within one week of receipt. If the email address is invalid due to a bounce, then a bounce code indicating a soft or hard bounce will be returned; hard bounces – not soft bounces – are deemed worthless.

Continuity clubs, companies that send free magazines, books, CDs and DVDs to consumers who express interest, rely on and must have a valid postal address. It is extremely costly for continuity clubs to have invalid postal addresses so it is critical that the publisher utilize postal address verification prior to lead delivery in addition to following other scoring mechanisms that many continuity clubs utilize in-house before sending the free item.

❖ **Filtering questions that are answered with disqualifying information is a common reason for invalid leads in certain verticals. Many publishers have mechanisms in place to filter disqualifying answers prior to lead delivery.**

Filtering questions that are answered with information that disqualifies the consumer from the offer is critical for certain verticals such as education, insurance, financial services and pharmaceutical. For example, some education providers require that a consumer complete high school, some insurance providers will only provide services to non-Medicare patients, financial services companies such as mortgage providers must ensure that consumers have a certain debt-to-property value ratio, and some pharmaceutical providers will only contact consumers if they have a particular ailment.

Most leading publishers generating these leads have real-time filters in place that validate that certain qualifying questions are answered correctly, and filter leads when they are not. If critical to lead quality, advertisers and agencies must ensure that either publishers have these mechanisms in place or the advertiser/agency is contractually able to return and not pay for leads with disqualifying answers.

❖ **Regardless of good data quality or strong consumer intent, lead duplication can stymie a campaign. Lead duplication has several definitions, each of which should be addressed in the publisher contract before the outset of a campaign.**

There are three types of duplication:

- 1) Duplicate leads sourced from the same publisher. It is best practice for publishers to keep advertiser files and not send duplicate leads to advertisers or their agencies. Duplicate leads sourced from the same publisher should be invalid.
- 2) Duplicate leads sourced from multiple publishers. It is best practice that leads are sent in real-time or daily within 24 hours so that duplication is reduced and media buys can be adjusted. It is best practice that the first publisher to send a valid lead to the advertiser is paid for that lead. Timeframes for duplicate leads from multiple publishers should be discussed upfront and included in the contract.
- 3) Duplicate leads to an advertiser's existing database. An advertiser should not consider a lead as invalid if it is a duplicate to an advertiser's existing database. Because it is inefficient to show ads to consumers who have already taken them, it is best practice to share all historical conversion data with publishers so that publishers can de-duplicate prior to sending new leads to the advertiser. It is understood that privacy concerns exist with the distribution of data, but over time the industry should change in this direction. The advertiser and publisher may choose to price duplicates to an advertiser's existing database into the cost per lead.

❖ **Publishers should disclose the nature of media placements to advertisers to the extent that those placements may impact lead quality.**

The intent of the consumer when submitting a lead generation form to an advertiser is one of the most important determinants of lead quality. Unless permitted in writing by the advertiser or its authorized agency, a publisher should not offer any incentives to consumers in return for submitting a lead, regardless of whether the campaign is hosted by the publisher or the advertiser. In addition, advertisers should provide creative that does not mislead the consumer. Advertisers and publishers should openly discuss mechanisms like pricing and hygiene to address any variance in lead quality that might occur due to the nature of the placement.

❖ **Lead fraud occurs when leads are submitted with malicious intent or simply for financial gain. These leads should be deemed invalid, and advertisers and agencies should not pay for these leads.**

Although uncommon, there have been cases when offers are filled out by an artificial, automated system to generate a large quantity of leads. Consumers or companies may also fraudulently fill out offers. It is important for the advertiser or agency agree in writing, in advance, to a framework for tracking leads by source so they can communicate with publishers which leads they believe are fraudulent so the publishers can investigate the lead source and discontinue business with them should there be disreputable activity.

❖ **For most advertisers, it is important that leads are delivered in real-time to prevent leads from becoming "stale".**

Real-time data delivery is the most common method of lead receipt, rather than batch data delivery. Response time can be a critical measure to conversion success as many leads are contacted by multiple parties for similar services.

Most advertisers queried have converted from batch to a real-time delivery of their leads to prevent the likelihood that the leads would go stale in the process. Many advertisers believe that their leads become next to worthless if several days go by before delivery.

Refer to IAB Lead Generation Data Transfer Best Practices document:

[http://www.iab.net/iab\\_products\\_and\\_industry\\_services/508676/508905/1476](http://www.iab.net/iab_products_and_industry_services/508676/508905/1476)

## ***Evaluating Leads***

- ❖ **In order to provide a fair feedback time frame, advertisers may typically require 1-7 days to determine whether or not the lead is valid.**

It is important for advertisers to quickly validate leads to create efficiencies in the marketplace. Publishers can optimize traffic sources, improve creative, and refine targeting. Advertisers receive higher quality leads and consumers are more likely to be shown offers that are relevant to them.

- ❖ **The lead evaluation process can be done manually or in an automated fashion.**

Lead names should be automatically checked against a bogus name lists/obscenity filter. If economically viable for all parties, NPA/NXX (North American Numbering Plan) look-up tables, or more advanced third party services that confirm whether the email address is valid or that the consumer's Name-Address-Phone all go together, may be used. Leads may also be manually checked by a call center agent, however this can be a more time-consuming and expensive process.

- ❖ **Third-party lead quality service providers can help advertisers and publishers with data hygiene and prioritization.**

Advertisers and publishers focusing on online education, finance, pharmaceuticals and automotive may be the most likely to employ third-party verification and/or scoring services as a result of the value of the leads in question. Typically, the more valuable a lead, the greater the need to ensure that the best leads are worked in a prioritized fashion and the worst leads are identified and flagged.

- ❖ **Advertisers should define what constitutes an invalid lead upfront in the contract with the publisher.**

The contract should establish the specific minimum criteria and fields necessary to establish a valid lead. If an advertiser has had experiences that historically caused leads to be deemed invalid, the advertiser should alert publishers and identify such in the contract. Depending on the industry, the contract should address how duplicates will be handled and identify an expected spoilage/scrub rate to set expectations for both sides. Disagreements over invalid leads can be avoided by defining an invalid lead upfront and in the contract.

- ❖ **Once a lead has been determined to be invalid, advertisers should alert the publisher and return the invalid lead data within 24 hours or within an agreed upon timeframe upfront. Advertisers should provide publishers with a real-time or daily feedback loop identifying each invalid lead, reasons for invalidity, and if applicable, accompanying publisher identification codes.**

It is a best practice to return invalid leads within 24 hours or agree in the contract upon an acceptable timeframe for returns. It is important that publishers are promptly alerted by advertisers that invalid leads are being generated so that publishers can investigate the cause, adjust their traffic and/or optimize campaigns.

The optimum situation involves real-time lead verification by an advertiser. Best practice for notification include providing the publisher with a real-time or daily spreadsheet or advertiser website login listing each invalid lead, reasons for invalidity and, if applicable, any accompanying publisher identification codes to allow publishers to investigate the source of such leads.

❖ **Detailed reasons for invalid and returned leads should be provided by the advertiser to the publisher.**

Publishers should be provided with specific data to understand why a lead was determined to be invalid by an advertiser. Best practices include specific reason(s) or reason codes that are returned with each invalid lead so that it is clear from the data returned why a lead is considered to be invalid. This data will then be used by publishers to better optimize their campaigns and improve their services for the advertiser.

❖ **Publishers should analyze returned invalid lead data to refine their targeting on low performing publishers and/or terminate publisher relationships. Publishers should also optimize creative to improve lead quality.**

It is important that publishers promptly review and analyze leads identified as invalid to determine the source and reasons for invalidity. Publishers who take prompt action to curtail low quality leads, including improving creative, refining targeting, and removing poor performing sub-affiliates, can expect to have lower scrub rates, better payouts and longer term relationships with advertisers. Best practices for publishers include conducting daily analysis of the quality of traffic sources and optimizing accordingly, which should result in increased revenue from advertisers.

❖ **Although uncommon, publishers may appeal leads deemed invalid by the advertiser if the publisher can provide sufficient proof that the leads are in fact valid. Advertisers may appeal leads deemed valid by the publisher if the advertiser can provide sufficient proof that the leads are in fact invalid. The dispute resolution processes should be clearly outlined upfront in the publisher contracts.**

Examples of sufficient proof that advertisers or publishers may require include:

- Provide pixel fire reports and source of leads
- Transaction information
- Calling the lead for validity
- Proof the email address is legitimate
- Proof that the lead was not incentivized, if incentives are not permitted by the contract

There is no clear timeframe in which a returned lead needs to be appealed, although the sooner the lead is appealed the better. The timeliness of an appeal is something that should be discussed and agreed upon by the advertiser and publisher. Dispute resolution deadlines and processes should be laid out upfront within the publisher contract.

## ***Reporting Converted Leads***

- ❖ **Advertisers should report converted leads back to the publisher. Converted leads should be used by the publisher to optimize campaign performance.**

Advertisers should return converted leads to publishers based on a timeframe that matches their evaluation cycle. The converted leads should be used by publishers to further optimize traffic sources, optimize creative, refine targeting, and build custom targeting models to identify future valuable customers. If sharing converted lead data is not permitted per advertiser privacy policies, basic information on conversation rates or the number of converted leads is acceptable information to share with publishers as an alternative. It is understood that privacy concerns exist with the distribution of data, but over time the industry should change in this direction.

Data should be shared securely among parties. Refer to IAB Lead Generation Data Transfer Best Practices document: [http://www.iab.net/iab\\_products\\_and\\_industry\\_services/508676/508905/1476](http://www.iab.net/iab_products_and_industry_services/508676/508905/1476)

- ❖ **Lead conversion data should be used by publishers to improve performance and quality of future leads.**

Any information provided by an advertiser to a publisher regarding lead conversion should be used by the publisher to improve the future conversion of leads and the overall quality of leads generated.

- ❖ **The timing on the reporting of converted leads to publishers should be based on the individual conversion cycles of each advertiser.**

Advertisers should deliver reports based on conversion cycles that are specific to their business. The timeframe may range from as little as one to two weeks after completion of conversion cycle to as many as 30 to 60 days.