



Advanced Buyer Profiling:

The New Model For Identifying Likely Buyers
In Today's B2B Technology Market

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Executive Summary

Technology marketers today have access to more data than ever before. Yet they often lack the ability to turn this data into useful prospect intelligence. This limits an organization's ability to show measureable marketing ROI – a major concern for CMOs and marketing executives.

Traditional methods of profiling and segmenting prospects are no longer effective.

The problem: Traditional methods of profiling and segmenting prospects are no longer effective because they cannot identify a company's most likely buyers. Technology marketers need a new model for identifying these buyers, and progressive marketing organizations are adopting new models, practices and tools to accomplish this.

This paper outlines such an alternative approach to customer profiling that collects and compiles information on:

- Installed technology
- Budgets
- Purchasing intentions
- Current IT vendor relationships
- Other traits associated with buying behavior



This intelligence, when applied to a company's existing customers and new prospects, can significantly improve lead quality, streamline the sales pipeline, uncover new market opportunities and boost marketing ROI.

Why Firmographic Targeting Misses The Mark

Marketers have traditionally used firmographic analysis to segment their markets based on employee size, industry, geographic location, annual revenue and a handful of other criteria, and to construct profiles of their most likely customers in a given market. Given a relatively small pool of prospects, this broad-brush “SIC and size” approach to firmographics at least allows marketers to begin the process of targeting their most likely buyers.

Today, however, firmographic analysis – the cornerstone of traditional market segmentation efforts – no longer yields effective results.

As contact databases grow, so does the time and cost required to qualify prospects within these broadly-defined groups. Conversion rates drop, cost per conversion increases and marketing ROI deteriorates. **When marketers lose the ability to separate “prospects” from “suspects” quickly and effectively, every other aspect of the marketing process suffers as a result.**

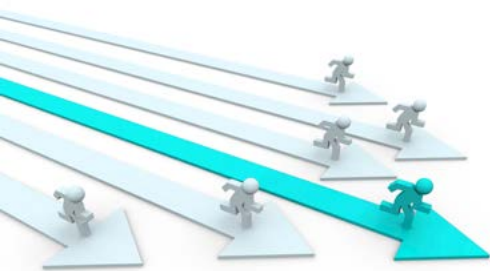
Even worse, the damage extends beyond the marketing organization. “When you look at marketing ROI from a company standpoint, one thing you want to minimize is wasted sales time,” explained analyst Mike Gospe, author of *Marketing Campaign Development* and an expert in IT industry marketing practices. “Sales time is expensive – sometimes more expensive than all of your marketing activities. So handing off quality leads, based on sound analysis, is vital to driving ROI.”

The CMO challenge: Better leads, higher ROI. This is an especially pressing issue for CMOs and marketing executives: According to one recent study, two-thirds of marketing leaders said their CEOs and CFOs expect them to show measurable ROI in order to justify their marketing budgets.¹ Marketing ROI, in turn, depends heavily upon the ability to execute campaigns that reach the right buyers with the right message at the right time.

For too many technology marketers, this is a losing battle. In spite of the growing amount of data available to marketers, for example, 74% of the marketers polled in a recent study cited generating high-quality leads as their biggest challenge.² For these B2B marketers, the struggle to improve lead quality outweighs other concerns by a wide margin.

¹ Lenskold Group/MarketSphere Marketing ROI And Measurement Study (2009).

² MarketingSherpa 2012 B2B Marketing Benchmark Report (2012).



More data than ever – and no good way to use it.

Technology marketers certainly have access to more data than ever before. They manage thousands or even millions of contacts gathered from tradeshows, partner leads, customer referrals and other sources. Additional data pours in from digital channels such as web site forms, webinars and social media monitoring. Many companies also supplement their own lead-gen efforts with databases purchased from third-party providers.

Marketers face a widening gap between the quantity and quality of their prospect data.

In theory, a marketing team can mine this mountain of data to yield analytical gold: a list of sales-ready leads with a strong propensity to buy a vendor's IT product or service.

In practice, however, marketers are struggling with a large – and rapidly widening – gap between the quantity and the quality of their prospect data. Traditional firmographic analysis is becoming a source of frustration, as marketers increasingly miss opportunities to gather and leverage useful insights.

**The Solution:
A New Approach To Defining Your Ideal Buyer**

Marketing organizations clearly need an alternative to traditional firmographic analysis – one that offers significantly greater visibility into the profiling process and delivers far more detailed insights into a firm's likely buyers.



“The primary limitation of traditional prospect profile data is the lack of depth into who the potential buyer is and how they are likely to make decisions,” said Lenskold Group President Jim Lenskold, author of *Marketing ROI: the Path to Campaign, Customer and Corporate Profitability*. “The number one driver of marketing ROI is improved targeting. Better intelligence will improve the predictive accuracy of targeting those top tier segments.”

For marketers working in the business technology industry, the quest for “better intelligence” is a three-step process that requires the right mix of rich data sources, analytical tools and industry-specific research insights.

Step 1:

Rethinking prospect intelligence. First, a technology marketing organization must decide which characteristics provide useful insights about a prospect's likelihood to buy a particular IT product or service. Three sets of purchasing indicators play a major role here:

- **Installed technology base:** What IT products and services are currently in use at a prospect company?
- **Business technology initiatives:** What IT initiatives are currently underway or will be launched in the near future, and how will these initiatives drive technology purchases?
- **IT spend and budgeting:** How much is a prospect spending today on IT purchases, and how much will it spend in the future?

This data yields far more detailed and precise insights compared to prospect profiles based on standard firmographic criteria:

Traditional Firmographics



vs.

Enhanced Client Intelligence

- Industry, Revenue, Firmographics, AND:
 - Installed Technology
 - IT Department Headcount
 - Installed Infrastructure
 - Installed Employee Endpoints
 - Installed Mobile Hardware
 - Installed Storage Systems
 - Business Initiatives
 - Known IT Initiatives
 - Purchase Likelihood
 - IT Spend
 - IT Budget
 - Hardware
 - PC, server
 - Printer
 - Storage
 - Communications
 - Software
 - Services

Step 2:

Creating a Best Customer Profile. The intelligence gathered in Step One allows marketers to see which characteristics are associated with their best customers and to create a Best Customer Profile based on this information. A Best Customer Profile, which combines traditional firmographics with enhanced intelligence, describes exactly what sort of prospect is most likely to buy the company's products or services.

Here's an example of a Best Customer Profile in practice:

Our ideal buyer is:

- skewed towards larger enterprises with fewer locations
- clustered in four distinct areas of IT Spend and Employee Size
- clustered in four industries



Likely to have at least:



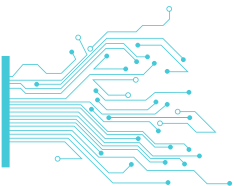
100+ PCs

46%



5+ IT Staff

64%



5+ Network Lines

74%



15+ Servers

50%

Likely to have some combination of these 8 purchase initiatives underway:

- Enterprise Management Software
- Voice Over IP
- Unified Communications Services
- Storage Capacity Expansion
- Server Virtualization
- Servers
- Workstations
- Laptop



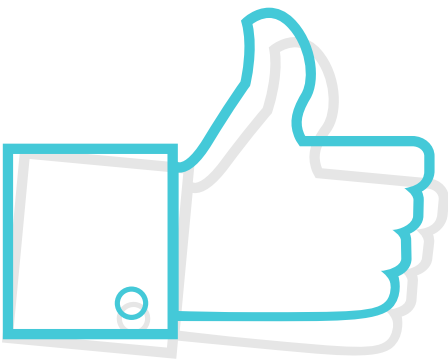
Step 3:

Applying a Best Customer Profile.

Knowing how to define an ideal customer isn't the same thing as finding ideal customers. The latter process – based on scoring and matching prospects against the Best Customer Profile – can be achieved in three ways:

- **Qualifying existing prospects** through the use of registration form questions, teleprospecting or other internal marketing initiatives, as well as lead scoring criteria. If a Best Customer Profile, for example, finds that 95% of a company's customers manage more than 10 installed printers per location, that question can be added to the web forms used to qualify prospects.
- **Scoring inbound inquiries** against the Best Customer Profile, ensuring that the marketing team can identify and forward only the most promising new leads to sales. When coupled with intelligence gathered from prospect web site behavior and content consumption, the resulting leads will energize an organization's sales team, rather than wasting their time with dead-end leads.
- **Acquiring new prospects** by mining databases for companies that match the key traits associated with a Best Customer Profile. This requires the ability to collect and compile deep-dive intelligence on thousands or even millions of potential prospects – a task that requires very specialized research and data-analysis capabilities.

Using a Best Customer Profile ensures that a sales team never wastes its time with dead-end leads.



The Benefits: Getting Results – And ROI – From Your Marketing Campaigns

Technology marketers stand to reap significant benefits when they move away from standard firmographic segmentation and towards a richer, more detailed understanding of their most likely buyers. Six of the most important advantages include:

Advanced buyer profiling can increase both the quantity and quality of an organization's leads.



1. Improving the quality AND quantity

of qualified leads. Advanced buyer profiling gives technology marketers the best of both worlds: They increase the quality of the leads they generate, while also increasing the total number of leads. That's because advanced profiling allows a marketing organization to scale its profiling and segmentation efforts without sacrificing their ability to focus on "prospects" rather than "suspects."



2. Accelerating the sales pipeline.

By some estimates, a sales team discards or ignores 70% or more of the leads it receives from marketing. When a marketing organization identifies exactly which leads are likely to buy a specific product or service, within a particular timeframe, it can shorten the sales cycle and give sales reps greater confidence that the leads they receive are *always* worth pursuing.



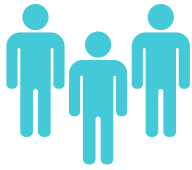
3. Revealing new market opportunities.

Advanced profiling allows technology vendors to identify promising market segments that may fall outside their traditional targets. Rather than segmenting by company revenue, for example, a marketing team may segment based on specific aspects of a prospect's installed IT base – a method that can dramatically expand the number of companies worth targeting.



4. Enabling cost-effective SMB marketing campaigns.

Companies that traditionally market to large enterprises often consider the SMB market – a group that includes millions of companies – a cost-prohibitive target. When marketers have access to detailed intelligence about these companies' IT needs and buying intentions, SMB buyers can be segmented and targeted far more accurately.



5. Identifying new opportunities among existing customers. Applying advanced profiling to a company's existing customers can uncover new information about purchasing intentions, budgets, key decision-makers and even their relationships with competing vendors. Armed with this intelligence, a marketing team can arm its sales and customer service colleagues with the information they need to identify lucrative cross-sell and up-sell opportunities.



6. Creating cost-effective and carefully targeted marketing campaigns. The more a marketing team knows about its prospects, the easier it is to craft relevant content assets, product offers and other campaign elements. This is especially useful for lead nurturing campaigns where the ability to gauge a prospect's buying timeline and interest level can make the difference between a successful conversion and a lost opportunity.

For an organization's CMO and marketing leaders, all of these benefits actually serve an additional strategic advantage: Improved ROI on a company's marketing campaigns, lead nurturing efforts, prospecting data and other activities. And by identifying new, previously untapped market opportunities, a CMO can establish her organization as a key contributor to a company's long-term growth.

Summary of Benefits

The Benefits Of Advanced Buyer Profiling

1. Improve both the quality and quantity of your qualified leads;
2. Accelerate your sales pipeline;
3. Reveal and exploit new market opportunities;
4. Enable cost-effective SMB campaigns;
5. Identify new opportunities among your existing customers;
6. Target new and existing campaigns more effectively.

Case Study:

Fortune 100 IT Security Provider Rethinks Its Profiling Strategy

The scenario: A leading provider of security software relied on a market segmentation plan that used firmographic data – number of employees (250+), revenue (\$200M plus) and specific industry verticals – to target prospects.

The problem: Too many targets, higher costs to qualify prospects and a slower sales pipeline.



The solution: The company worked with Harte-Hanks to create a Best Customer Profile based on data extracted from its existing client database. In addition, 288 characteristics from the Harte-Hanks Ci Technology Database (CiTDB) were appended to provide insights into customers' technology infrastructure and buying patterns.

The resulting, enhanced profile revealed that the company's best customers owned 100 or more PCs, more than five network connections and at least five IT staff. These companies were also likely to be purchasing or implementing enterprise storage, server virtualization and enterprise management software.

The benefits: Using its enhanced Best Customer Profile, the provider developed a new lead-scoring strategy for its prospects and increased sales velocity by focusing resources on likely buyers. The provider also identified 40,000 new opportunities by identifying "look-alike" prospects in previously untapped market segments.



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About Harte-Hanks Market Intelligence:

For more than 40 years, Harte-Hanks Market Intelligence has been providing technology solution providers with the market insight they need to find likely buyers for the products and services using the Ci Technology Database (CiTDB). The CiTDB provides unique business intelligence that significantly improves the detail and precision of the profile as compared to profiles based purely on industry and size. With CiTDB, companies can leverage more than 280 descriptive fields and characteristics to create detailed, actionable profiles of their best prospects based upon:

Installed Technology

- Presence Install
- Install Likelihood
- Competitive Install
- Extended Install
- Technology Totals

Business and Technology Purchase Initiatives

- Known initiatives
- Purchase Likelihood

IT Spend

- Total IT Budget
- Hardware Budget
 - PC, Server
 - Printer
 - Storage
- Communications Budget
- Software Budget
- Services Budget

IT Staff



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About Demand Gen Report

Demand Gen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

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