

Introduction

In business marketing, customer data represents your single most important marketing asset. Data allows you to reach customers and prospects through campaigns, ongoing relationship marketing, and any kind of outbound and inbound contact. Data also supports the analysis and segmentation that permits effective targeting, and makes marketing communications relevant and productive.

Customer data is a valuable resource for marketing research, to segment customers into actionable groups, to identify business opportunity, to understand trends, and develop ongoing marketing strategies. Finally, data supports your assessment of customer value, enabling strategies to treat customers differently based on their expected future value, and maximize the value of the asset that the customer base represents to the firm.

Information about your customers—their contact information, their buying behavior, their needs, their characteristics—is best assembled into a flexible tool known as a marketing database. The marketing database provides the foundation for business intelligence, business opportunity, marketing communications and customer retention.

In business marketing, the sales process can be long, and the number of customers is often limited, but the value of each customer is likely to be sizable. Thus, B2B data presents certain challenges. Data in B2B is structured entirely differently from consumer data, being built on accounts instead of individuals. Business data tends to degrade faster than consumer data. But, due to the high value of each account, a marketing database that is robust and accessible, and populated with clean, relevant information, is an inestimably important tool in business marketing.

B2B database marketing has been around for decades. Kate Kestnbaum, who with her late husband Robert were pioneers in the field, tells the story of using data analytics to understand the market for HP's first hand-held calculator. Years before the product was launched at retail, it was sold directly to engineers and other professionals. The Kestnbaums surveyed users, analyzed the answers, and reported back the functional preferences among various user segments. The data was so clear that HP eventually launched distinctively different products for business and consumer use. The Kestnbaums also applied data analytics to help IBM determine how to staff its sales territories back in the 1970s, and performed lead scoring for a variety of B2B clients.

But database marketing has evolved rapidly in B2B. Given the new-found in-

terest in data, data analytics, and data-driven marketing communications, both on-line and offline, we decided it was time for an end-to-end treatment of the subject. Herewith, this book, which explains how and why to build a B2B marketing database, how to source the data and keep it clean, and the key applications that generate business value.

Trends in B2B Data-Driven Marketing

As important as the database is to B2B marketers, the tools, applications and approaches are changing rapidly. Driven primarily by the Internet and its impact on buyer behavior, and by emerging technologies, these changes mean that marketers must change how they go to market, using customer and prospect data.

The Internet has been the primary driver of dramatic changes in business buying behavior. Just as no one buys a car anymore without first checking prices and features online, business buyers now research and educate themselves online, months—even years—before ever seeing a sales person.

In the “old” days—just a few years ago—when business buyers had a problem, they’d call in their vendors for advice on how to solve it. So a salesperson was in a nifty position to educate—and influence—the buyer from the earliest stages of the process.

But today, the salesperson has lost control. Buyers don’t really want to talk to vendors until somewhere akin to 70% of the way down the road, at the stage of writing RFPs and getting quotes. By then, the possible solutions and the specifications are already set.

But there’s more. Business buying processes are getting longer, and—most important—involving more parties than ever before. The so-called Buying Circle in large-enterprise B2B—the influencers, specifiers, recommenders, users, decision-makers—comprises as many as 21 people, according to Marketing Sherpa.

So marketers have to think differently today. First, you need to take an active role in the early stages of the buying process to ensure that your solutions are front and center and that you are in the game of influencing buyers as they educate themselves online. Second, you must gain access to each member of the Buying Circle, so you can understand their needs and interests and deliver relevant messaging to them as they move from stage to stage in their buying journey.

These developments bring front and center five important areas requiring renewed focus from B2B marketers:

1. Complete and accurate data on customers and prospects. To influence the multiple Buying Circle members and get to them early, you need to know who they are. Not an easy task, but more essential than ever.
2. A deliberate contact strategy. Beyond blasting out prospecting campaigns,

marketers must move toward a series of ongoing outbound messages, via multiple communications channels, to connect with multiple parties, over time. Here's where marketing automation becomes an important resource for B2B marketers.

3. Active social media outreach. No longer a mere experiment, social media has become a must-have element of the B2B marketing toolkit. A well-written blog, promoted through Twitter and LinkedIn groups, is a good way to start.
4. A superb website, the core resource for engagement with buyers at all stages of the process. Enhance its interactivity by adding downloadable content in exchange for registration.
5. A library of content assets. Populate your website with white papers, research reports, videos, how-to guides, technical documents, archived webinars, all written in objective, non-salesy language, to help educate buyers and help influence them toward your solution. Be sure to title the documents with plenty of keywords.

All of these new imperatives are either driven or supported by data and tools for accessing and analyzing data. Accountable, revenue-driven marketing engenders new respect and a seat at the table for marketing professionals in B2B firms.

Issues and Challenges

With all this excitement, B2B marketers face new challenges—without having found solutions for their old problems. Of particular importance to data and database marketing are these issues:

- Inattention to data and the database. While most senior marketers and other executives will pay lip service to the importance of customer information, it's rare that they understand what is in their databases and how to maintain and improve it consistently. Neither do they invest in the resources, human or otherwise, to manage the data properly. As noted by Derek Slayton, CMO of NetProspex, "Even companies with data scientists on staff tend to ignore the nuts and bolts of minding the database itself. It's like they have the back pain, but they aren't doing the exercises that would keep the pain at a manageable level."
- Organization and process. Taking advantage of the power of customer data requires deliberate consideration of goals and measurement systems to manage the desired outcomes of effective data management. Jim Bampos, VP of Quality at EMC, recently explained in *DMNews* that his group transformed their organization around data to enhance the customer experience. They

built a business case, established a partnership with their IT counterparts, and created a roadmap for the systems needed for data access and analytics. Bampos credits enabling technology, organizational and process changes for their success in transforming the EMC's Total Customer Experience program.

- Everything old is new again. Database marketing, also known as data-driven marketing, is being used across the B2B go-to-market process today, but it may be called something different. It may be “predictive analytics,” or “CRM,” or “Big Data,” or another zillion buzzwords. So classically trained practitioners need to go with the flow and adjust to the new vocabulary. Ken Lomasney, COO of the agency UMarketing LLC provides a handy illustration of this phenomenon. With his clients, he refers to the marketing database as a “knowledge platform,” to position it as something that provides real value, becomes smarter over time, and comprises an important company asset. A repositioning we might all learn from.

If you are reading this book, you are already convinced of the importance of data in B2B sales and marketing. As Alex Kantrowitz of *Advertising Age* puts it, data is the “new oil” that provides insight, efficiency and scale. For this century’s marketers, it is a new form of currency that gives marketing a seat at the executive table, and the ability to drive shareholder value.

CHAPTER 1

The Marketing Database: The Essential Tool of Business Sales and Marketing

What Is a Marketing Database?

Let's begin with a definition of database marketing:

An information-driven marketing process, managed through a computerized database technology, that enables firms to gain insights into customer behavior and needs, and develop sales and marketing programs to serve those needs and optimize customer value to the firm.

The marketing database, then, is the tool that enables data-driven marketing. In short, the marketing database is:

An organized collection of data about individual customers and/or prospects that can be accessed, manipulated, and analyzed, enabling marketing to support both strategic and tactical business decisions across all marketing channels.

In more poetic terms, the marketing database is the *recorded memory of the customer relationship*.

How the Database Drives Value for Business Marketers

Business marketers put the marketing database to an enormous variety of uses, among them:

- Capture data about customer behavior from all sales and communications channels, including social media
- Model and predict customer behavior
- Query and perform “what-ifs” to stimulate marketing ideas and actions
- Profile customers to gain insight into their needs (also known as creating “personas”)
- Segment customers for differentiated treatment
- New product simulation and testing
- Identify prospects, score them for assessing quality, and nurture a relationship with them until they are ready to buy
- Select customers and prospects for promotional campaigns
- Measure campaign performance
- Track marketing tests and experiments
- Build and sustain customer relationships through ongoing marketing communications
- Calculate the value of a customer
- Track and manage the entire customer experience

B2B marketers share many of these applications with consumer marketers. But one can argue that the marketing database has particular importance in B2B marketing for several reasons:

1. The business buying process is more complex than the consumer process. It involves multiple parties, each of whom has different interests and needs, and plays a different role in the buying process. Thus, each of these individuals needs to be influenced differently. A properly constructed marketing database stores the intelligence that allows marketers to differentiate customer treatment efficiently.
2. Selling to businesses is a business process supported by an extraordinary number of internal and external functions. This means not only sales and marketing people, but also external partners like distributors, resellers, and manufacturers’ reps, not to mention sales engineering, customer service, R&D, and finance. The marketing database provides the analytical glue that holds all these moving parts together, to ensure that business goals are being met.

3. Business buying cycles are longer than consumer. The marketing database supports and tracks the multiple marketing touches that keep the process moving toward the close, and supports the customer relationship that will continue to develop over time.
4. Account value and order sizes are usually larger in B2B than consumer, so when data is missing or inaccurate, the financial consequences can be heavy. Rick Graham, co-owner of ComputerCare, an ERP software firm servicing small-to-medium apparel companies, puts it this way: “Like a trusty Rolodex, our marketing database is the tool we use to serve our customers. Each customer is really important to us. Especially in tough times, marketing to our current customers is our survival strategy.”

Characteristics and Challenges of B2B Data

Data about business customers and prospects is very different from consumer data. Five important points to note:

1. **The data architecture is often multi-level.** A business record may contain three levels of information:
 - The site, meaning the address of a physical company location, like an office, store, factory, or warehouse. The site level may include multiple addresses, for mailing, shipping, and billing.
 - A parent company, usually attached to a unique identifier like a DUNS number (from D&B), an ABI code (from InfoGroup), an Austin-Tetra number (from Equifax), or an identifier system created internally by marketers.
 - The contacts, meaning the various individuals at the site who are involved in the relationship with you. These would be the names of buyers, decision makers, specifiers, influencers, gate-keepers, end-users, purchasing agents, and others.
2. **The core record is based on a site.** Most B2B marketing databases are organized at the site (business or billing address) level. Around the B2B world, there are many systems organized at the contact level, companies that sell primarily by mail order and e-commerce being a prime example. And most campaign automation systems and contact management systems are built around the contact. It all depends on where the buying relationship exists. Some marketers organize their data at the parent company level if it better suits their business.
3. **Data hygiene is critically important.** B2B data is difficult to gather and maintain since employees move around so much, titles change, and companies come and go. On the other hand, the data can drive enormous

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business value. So keen attention to data hygiene is particularly important in B2B. In fact, any effort a marketer can take to keep track of customers as they move from job to job is worth doing.

4. **Data is gathered by hand.** Much business data is available for rent or purchase from service providers, but most B2B companies find that they must fill in the gaps by themselves, especially in niche markets. Thus, business marketers have an extra incentive to place some kind of data “discovery” process; i.e., to populate their databases with important contacts, updated titles and job roles, and additional useful information, like firmographics, buying plans, and budgets.
5. **The data includes both prospects and customers.** Because the B2B sales process is long and involves multiple contacts within a firm, business marketers are very likely to maintain purchased prospect data in their marketing databases, for purposes of nurturing relationships with prospective buyers and influencers. (Consumer marketing databases rarely house prospect data, because it is often cheaper and easier to rent it as needed.)

Essential B2B Data Elements

The data fields shown in Exhibit 1.1 are those typically maintained by business marketers. Each industry and each company will adjust this list as applicable to their specific needs.

Exhibit 1.1: Data Fields Typically Used in Business Marketing Databases

Data Elements	Considerations
Company name, address, phone, fax, website	The site-level company name at a particular site or postal address, plus site-level information, like general phone number, fax, and website. Multiple fields are needed for different addresses, like mailing address, shipping address, and billing address. Multiple names may be needed, such as a DBA or trade style name. Also may include identifiers like Twitter, Facebook, and LinkedIn company page URLs.
Customer number	Either an industry standard, like a DUNS, ABI, or A-T number; a corporate linkage number; or a self-generated customer number.
Contact name (s), direct phone, direct fax, mobile phone, email, Twitter handle, LinkedIn profile URL	Multiple individuals (known as “contacts”) and their contact information. In this field, you will use the contact’s direct phone number, if available.

Data Elements	Considerations
Contact title, function, buying role	For each contact, an official title plus their true job function. You want to collect both, because titles can be somewhat obscure and meaningless these days. Thus, it is a good idea to identify the job functions that are important to your selling process and to attach a pre-defined, standardized function to each contact. Also useful is an indicator of the contact's role in the buying process, such as decision maker, specifier, or influencer.
Enterprise link	Often, company sites will be part of a larger enterprise, including a headquarters and multiple business addresses. So it behooves you to connect sites to whatever "parent" firm is involved. Of course, some sites do represent stand-alone companies.
SIC or NAICS industrial classification code	The U.S. government is currently in the process of migrating the 4-digit Standard Industrial Classification (SIC) system, a relic from the 1930s, to a 6-digit system called NAICS, or North American Industry Classification System, which was officially launched in 1997. NAICS was developed in cooperation with Canada and Mexico. Read all about it at http://www.census.gov/epcd/www/naics.html . NAICS is a more modern classification system, reflecting the new realities of how our information economy operates. The migration process is proving cumbersome to both businesses and data providers, so progress is slow, albeit steady. At http://www.osha.gov/oshstats/sicser.html you can search for SIC codes by keyword and vice versa. Note: Some companies use their own internally defined industry indicator instead of SIC, or as a supplement to it.
Year started in business	Older firms are more likely to demonstrate stable buying patterns than more recently established companies. A new business, however, may have unique needs that are even more important to some marketers.
Legal structure	Another indicator of buying behavior. May include corporation (parent, division, subsidiary, branch, LLC); government (federal, state, local, military); non-corporate (sole proprietor, partnership, non-profit); and foreign.
Revenue, sales, turnover	In the case of a publicly traded firm, it is relatively easy to find revenue levels. Record company revenue at the site level or the enterprise level, depending on what is more meaningful for your business.
Employee size; total and site	In the case of privately held companies, where revenue numbers are not available, the number of employees can be used as a very powerful substitute indicator of purchase propensity and buying process. But even at public companies, employee size may be a useful data element for predicting marketing opportunity—and often more accurate than revenue estimates.
Purchase history; parent, site, and contact levels	Capturing what products and services the account has purchased in the past, the channel, the date, the amount, the order placement method, the payment method, and the frequency, provides information that is highly predictive of future purchase propensity. Ideally, you want to keep track of each outbound touch and link it to the purchase, for a closed-loop picture. Maintaining return information will add to the veracity of the purchase history.

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Data Elements	Considerations
Credit score	Credit score, either an internally generated indicator or a commercially available score from a provider like D&B, Infogroup, or Experian.
Yellow Pages advertising	As odd as it may seem, the extent to which the company actively promotes itself in the Yellow Pages can be a predictive variable for marketers in some industries. This data element is often available because much B2B data was originally compiled from phone book records, and the ad size was listed as part of the publisher's company record. Marketers later found it to have some predictive value, so data compilers continue to make it available.
Product history	The price, category, SKU numbers, and product names of items purchased. Also keep a record if the purchased product was later returned, removed, or uninstalled.
Budget, purchase plans	In some industries, this data may be published by research or analyst firms and made available to marketers. More likely, it must be collected by hand, through customer sales contact or primary research.
Purchase preferences, such as channel; site and contact level	It is useful to record details about how the account likes to buy, their preferred channel, their terms, and other information that may be predictive. By all means, maintain customer preference relating to opting out of receiving communications from you via various channels, particularly email and telephone.
Answers to qualification questions	If your company has developed standard qualification questions around such sales-readiness indicators as budget, authority, need and time frame, and if your company has a scoring system in place, this data will be helpful for sorting and selecting campaign targets.
Answers to survey questions	Information gathered by mail, phone, email, or web-based surveys, such as customer satisfaction, needs, capabilities, and interests.
Promotion history (outbound marketing communications touches)	The frequency, medium, offer code, cost, and type of your outbound contacts with the account can be helpful in two ways: 1) as a predictor of purchase propensity and 2) as part of a customer value analysis. Response history is also helpful here.
Service history	The contacts the customer has had with your service center, such as inquiries, returns and problems, plus their resolution.
Original source of the contact	Indicates where the first contact with this person originated. Some companies also record the most recent source of the contact, which serves as an indicator of campaign results.
Firmographic data	The B2B equivalent of demographics. In business marketing, the two most powerful predictive variables are industry and company size (whether based on revenue or employee size). But other firmographic variables may have value for you, including such factors as fiscal year and number of sites.

Data Elements	Considerations
Industry-specific data	Characteristics that are specific to how you sell or how your customer buys. In technology markets, for example, data about installed technology—how many servers, what kinds of software—is recorded at the site level because it is an indicator of buying needs. An industrial supplies maintenance and repair (MRO) company may find that warehouse square footage is the best predictor of potential.
Unique identifier	Every record needs a unique identifier. If your data has come from a compiled source, it may come with an ID with each record. Some systems add sequential ID numbers and other use a match code type of ID generated from selected characters in the name.

If you are building a database in support of channel partners, your database will also include the data elements shown in Exhibit 1.2:

Exhibit 1.2: Data Fields Used in Channel Partner Databases

Data Elements	Considerations
Type of channel partner	Most companies tier their channel partners based on various criteria, like their special skills, certifications, and expertise; their performance; or the depth of their relationship with the manufacturer. Another way to classify partners is by their business model, whether distributor, manufacturer's rep, or retailer. Or, the partners may be identified by their territory, or the breadth of their market coverage.
Years as partner	The number of years that the channel partner has been associated with the company gives important clues to the business opportunity. For example, newer partners tend to be more aggressive in their sales and marketing efforts, but are often given a less complete product line to start.
Industries served	Not all channel partners are full service. Some may specialize in specific vertical markets. Recognizing industry specialization allows you to align or link customers to partners who specialize in their industries.
Products covered	Allows you to link SKU and product tables to partners. Not all channel partners carry a full line. Some may specialize in specific technical products or have limited capability to support a full line. In combination with industry information, this field also allows you to link customers and partners by both industry and product interest.
Territory covered	This will identify the actual geography that is covered by this partner according to their agreement with you. The territory indicator could be defined broadly, such as by country in the case of a global partner, or as narrowly as by ZIP code for a local channel partner.
Sales rep assigned	Identifies the link between the channel partner and the internal sales rep responsible for this relationship. It is extremely important when developing marketing programs that impact the channel that you involve the sales rep, to get their buy-in and support.

Types of Data Available to Business Marketers

There are many ways to classify data, but here are five approaches that are particularly helpful to business marketers:

1. Prospect data versus customer data.
2. Internal data versus external data.
3. Behavioral data versus descriptive data.
4. Historical data versus real-time data.
5. Concatenated data versus aggregated data.

Here they are compared and contrasted:

Prospect Data	Customer Data
<p>In larger databases, data about prospects is usually rented or licensed as needed, versus maintained in the marketing database. Why? Because it's expensive and time-consuming to maintain data, and since prospect data tends to be easily available, it's usually better to acquire it specifically for a particular campaign or analytic project.</p> <p>But many B2B marketers do maintain prospect data. Examples include:</p> <ul style="list-style-type: none"> • Inquirers and sales leads who are being nurtured along in the expectation that they will convert to buyers. • If your target audience is small and you need multiple touches to drive the response, then it often makes economic sense to purchase prospect data for ongoing marketing communications use. • In situations where the list is cheaper or easier to license and hold than it is to rent for one-time use when you need it. • Contacts in other divisions of an enterprise customer that you would like to penetrate. 	<p>Usually called the customer file or customer master record, data about current customers and other contacts with whom your company already has some relationship, such as campaign respondents, visitors to your booth at a trade show, or those who have registered at your website. Data about customers and inquirers comprises the heart of any business-to-business marketing database.</p>

Internal Data

Internal sources like sales contacts, customer service, customer support, billing systems, inventory systems, fulfillment systems and website data are the best place to begin assembling your marketing database.

Keep in mind that just because a contact name is available from an internal source does not mean that it is useful for marketing purposes. It's a good idea to qualify these contacts before adding them in. You also need to arrange for regular updates from these sources to keep your marketing data current.

External Data

Once your database has been built with internal data, it's time to enhance the data from external sources. One method is known as data append, whereby your records are compared to a large external database, and you select for purchase the important extra data elements that you don't have in house. Another source of external data is lists of prospects, whether compiled lists or response lists. Many business marketers find that they need to supplement the usual external data sources with additional data gathered by hand, in a process known as data discovery.

Behavioral Data: "What they do"

Behavioral data refers to elements that record a customer's actions, such as purchase, inquiry, response to a campaign, payment, complaint, website visit, customer service call, communications channels used, etc. Past behavior being a strong predictor of future behavior, behavioral data is generally more valuable than descriptive data for analytical and campaign selection purposes.

Descriptive Data: "What they look like"

Descriptive data refers to elements that describe what a customer looks like. This might be elements like company size, industry, geographic location, and other firmographic fields, like legal structure and number of years in business.

Historical Data

Most marketing databases are built based on past customer behaviors, plus descriptive attributes, as discussed above. The customer record is built up over time, enhanced, and kept as current as possible. Updates are usually imported in batch mode, on regular occasions, like daily, weekly, or monthly. This rich historical record allows marketers to analyze the customer over time and make decisions about how to drive customer profitability going forward.

Real-time Data

In recent years, a large portion of customer interactions takes place online, giving marketers the chance to react quickly, on the spot. These interactions include form fills and downloads, but also tweets and anonymous behaviors. Still in its infancy, real-time data-driven marketing is focused on A/B split testing and struggles with multi-touch campaign attribution issues. The potential for marrying the historical record with real-time data is tantalizing.

Concatenated Data

Concatenated data usually refers to large data sets that need to be associated to your data. For example, you may want to associate the data about hospitals (number of beds, associated doctors) to your list of companies in the health-care industry. This usually requires a link of some kind, like a DUNS number, to help you pull this information together.

Aggregated Data

Aggregated data refers to data that may be found in disparate sources but, in order to be useful, must be aggregated and associated to a company. For example, you may have a field associated with a business partner indicating how many customers that partner has. This could be a number aggregated from your own internal records of customers who prefer that partner. Or, you could aggregate instances of social media contact to rank how active an influencer is inside a company.

What a Marketing Database Is Not

When you ask business marketers the question, “Do you have a marketing database?,” they will inevitably say, “Yes.” But dig a little deeper, and you may find that the database in question is really something else. Most likely, what they have is an operating system, an accounting system, a sales force automation system, or a contact management system, versus a marketing database designed to support a wide range of marketing tasks.

Operating Systems

An operating database is designed to run business operations, like accounting, inventory, shipping, payroll, and supply chain management. Examples include enterprise resources planning tools (ERP) and e-commerce tools. Often, such systems contain customer information for billing and fulfillment purposes, and thus contain information essential to marketers.

However, if you try to use such a system for marketing purposes, your frustrations will be immediate:

- Operating functions take business precedence, for good reason, so marketing requests can be delayed, often for days.
- Operating systems tend to send older data off into an archive, which severely limits marketing’s ability to analyze long-term customer behavioral history.
- The system is not designed to support the “what-if” queries that marketers depend on to stimulate their thinking and to plan effectively.
- You are unlikely to be able to analyze the data quickly and easily, without additional coding, external processing, or the services of your IT department.

Accounting Systems

Many small businesses keep their customer lists on their accounting systems, like QuickBooks or FreshBooks. Certainly, these systems allow a certain amount of data accessibility and sortability, but they provide next to no query or selection capabilities, and are not set up to house the data elements a B2B marketer needs to segment and analyze the data effectively. For example, they do not capture historical promotional behavior, nor do they provide marketers a good understanding of the customer’s experience with their company. If forced to use an accounting system for marketing purposes, you will end up with either tunnel vision or an excessive amount of manipulation by your IT department.

SFA and CRM Systems

Systems designed to manage a prospect pipeline, like sales force automation (SFA) and customer relationship management (CRM) systems, are frequently confused with marketing databases. In B2B, where a sales team is the primary “owner” of the customer relationship, these tools are of paramount importance to sales force productivity and thus to revenue generation.

A sales force automation and contact management system is not a marketing database. Why?

- They are not designed to support the kinds of queries marketers need to ask to gain insights, predict behavior, and plan campaigns.
- Neither are they designed to hold the kinds of information—detailed purchase history and promotional history, for example—that marketers need for analysis.
- The content is organized to support the day-to-day needs of a salesperson, with an emphasis on follow-up, forecasting and pipeline management, and reporting.
- They allow most, if not all, users to enter data. This feature is essential to salespeople, but anathema to marketers, since it means that data standards on accuracy and completeness are impossible to maintain.

However, the fact is that many companies, especially smaller firms, are relying on their contact management systems, such as Salesforce.com, Microsoft Dynamics CRM, SugarCRM, NetSuite, or Saleslogix, for marketing purposes. Many SFA providers have integrated marketing automation, data analysis/reporting, campaign planning, and project management modules into their core CRM product. For smaller companies, especially those without a good customer file design, this may be just what they need. Or, the CRM system may function as a reasonable interim tool until they have enough volume and urgency to demand a fully functional marketing database.

The Characteristics of a B2B Marketing Database: A Practitioner’s Perspective

by Susan Fantle, The Copy Works

Sales force Automation (SFA), Customer Relationship Management (CRM), and Point of Sale (POS) are all software solutions created to specifically track interactions and transactions with individual prospects and customers. With a database attached to each of

them, it can be very tempting for B2B marketers to just tap that data for marketing purposes.

In fact, through interaction with my own clients, it seems like the majority of B2B marketers do just that. They pull records right out of their Salesforce.com data, SAP or Oracle/Siebel data, or other transactional data. But that's not a best practice. Using these non-marketing databases removes some very essential insights from the marketing process.

My colleague James Pennington, VP of business development at Anderson Direct Marketing, has been railing on this issue for a long time, so I asked him to clarify why sales, CRM, or transactional databases are not appropriate for use in marketing. Here is a summary of his response:

SFA is made up of a list of people who have responded to various marketing offers via email, direct mail, social media, or other channels. The business rules and the logic built into those programs do what they were designed to do—show individual salespeople where leads, customers, and prospects are in the buying cycle. The reports available from this software show management basically the same thing, but group that information by salesperson, territory, and products, showing such important data as the length of the buying cycle.

CRM is different in the fact that acquisition information isn't part of the software. CRM solutions are designed to help with customer retention, cross-selling, and upselling individual customers.

POS and other transactional solutions report what individual companies have bought and how long they have been customers. It flags opportunities to sell more and trends showing that a customer could be lost. These systems link directly to the back office and can track types of transactions by sales source and other important data.

But none of these databases do what marketing needs to do—look at groups for insight, not at individuals.

A marketing database needs to reveal the impact made by marketing in the simplest terms. This requires:

- **Before-and-After Snapshots:** Showing what a group of prospects looked like before they were targeted by a B2B marketing campaign. Basically, marketers want to take a snapshot of the records, market to those records, then take another snapshot of the data to see what changed. For example: Market to a group of prospects targeted by industry, company size, and other appropriate factors. None are customers. Retain that snapshot of that group. Then compare the first snapshot to a snapshot of the result of that marketing, e.g., 3 percent responded and .5 percent became customers. Marketing should be the reason those numbers changed. SFA, CRM, and transactional databases don't track the information needed for this insight. In addition, these snapshots need to be retained in the database.
- **Response Mechanisms:** Tracking how that group responded—mail, web form, email, phone, fax.
- **Outcome:** Showing what those responders downloaded, left behind, or bought.
- **Retention of Data:** Retaining a pre-marketing snapshot of the data so it can be compared with a post-marketing snapshot of the data.

- Patterns: Tracking groups of contacts over time with historical data to show if they have been contacted once, twice, three times and how those groups have responded.

Marketing data is all about the big picture, not the individual. For B2B marketers to improve their success rates, internally and externally, they should start by gaining access to the full measure of their customer and prospect data.

Marketing Automation Systems

Sales contact management systems, also known as sales force automation (SFA), and now, more often referred to as CRM systems or CRM software, have been with us for more than a decade. In the last few years, advances in marketing software, and demand within the B2B marketing world, have resulted in the emergence of a new set of tools, generally known as marketing automation.

Marketing automation may have developed on its own, but it is now increasingly integrated within CRM software. The current marketing automation leaders are Eloqua (now part of Oracle) and Marketo. Other players are coming up, like Act-on, Salesforce Pardot, Silverpop, Infusionsoft, Leadlife, and Adobe Campaign, many of which also specialize in lead management. The very popular MailChimp is frequently used as a low-cost alternative to full-bore marketing automation.

Marketers now refer to these technologies as part of a marketing “stack,” illustrated in Exhibit 1.3, which includes a variety of capabilities, each bolted together to achieve marketing objectives.

Increasingly, B2B marketers are using their marketing automation systems, combined with their “CRMs” (sales contact management systems) as their marketing databases.

Rita Selvaggi is an articulate proponent of this approach. Having headed up marketing at two tech companies, Solarwinds and now Alienvault, Selvaggi is a committed inbound digital marketer. “We need to connect with buyers and influencers. We find their trusted sources of information, and that’s where we want to be. We acquire a relationship with them using multiple channels, like paid search, content syndication, display advertising and organic search. We don’t buy lists—that feels like a cold call.” The inbound contact is nurtured via Marketo, and eventually transferred to Salesforce.com.

Today’s marketing automation systems are designed to move prospects through the B2B marketing funnel, from inquiry, to lead, to qualified lead, and on to the sales team for conversion to buyers. But, unless integrated with a fully functioning CRM system, they are suboptimal for the larger marketing mission in several respects:

- For market analysis, the kind of querying and “what-if” interaction so important to market and customer development.
- For control over the data architecture. The marketing automation vendor determines important aspects that impact your ability to manage such challenges as attribution, hygiene, and data quality.
- For flexible management. Marketing automation tools are typically set up at the contact level. CRMs are set up at the account level.
- For customer development post-sale. It may be difficult, for example, to import customer purchase history.
- For building predictive models, like look-alike analysis, and purchase propensity.

Spreadsheets

Some companies maintain their customer data on simple spreadsheets, like Excel. Spreadsheets are designed to let you sort the data, and even do fairly complex analysis, like regression. The next step up might be a database tool like Access or File-maker Pro, which allows the handling of larger files. But, as your business grows, you will find that you need a relational database to support your marketing effort.

Data Management Platforms

In the ad tech world, data management platforms (DMPs) have sprung up in recent years to manage structured and unstructured data from multiple digital sources, like cookies, mobile web, mobile app, web analytics tools, CRM systems, point of sale, social media, online video, and anything else you can think of. Primarily targeted to the needs of e-commerce marketers and large advertisers to manage cookie-based interactions in coordination with other communications, like e-newsletters, DMPs help keep track of reach and frequency, plus deeper audience analysis, to understand trends, profiles, segmentation, and other customer insight and opportunity. Examples include Demdex (now owned by Adobe), Core Audience, and Krux. DMPs usually strip out personally identifiable data (PII), rendering them unusable for the kind of data-driven marketing that’s needed in business markets.

Exhibit 1.3: Example of a Company’s Marketing Stack



For more information visit www.bizo.com | Twitter: @bizo

Bizo, a B2B marketing services company, presents its marketing stack in info-graphic form. Bizo was later acquired by LinkedIn. Used with permission.

How to Tell If You Really Have a Marketing Database: A Data Processing Test

by Jim Wheaton, Wheaton Group LLC

To determine if you have a marketing database, take the following data processing test. If you can execute the five steps within the test easily and rapidly, with no outside-the-system processing, then you will know for sure that you have a marketing database.

FIRST, examine the history of each of your customers as of one year ago. For the sake of illustration, let's assume that "today" is December 1, 2015. The initial challenge is to define who your customers are. This is more difficult in B2B than it is in B2C because you have three options:

- Define your customers at the company level, which often involves multiple locations, as well as multiple individuals within each location.
- Define your customers at the location level.
- Define your customers at the individual level.

A best practices marketing database allows you to define your customers at any of these three levels, on the fly, as the circumstances warrant. However, the definition of best practices is a topic for another discussion. So, for the sake of illustration, let's assume that you use the location-level definition.

If you cannot access the history of your location-level customers as of one year ago (December 1, 2014), then, by definition, you do not have a marketing database. The history of your customers as of one year ago is what is known in the analytics world as a past-point-in-time ("time-0") view. A past-point-in-time view will be impossible to recreate if any of the following is true:

- Some of your customers as of December 1, 2014, are no longer in the system.
- Some of the historical data previous to December 1, 2014, for some or all of your customers, has been deleted or overwritten.
- You cannot exclude from your examination all of the historical data subsequent to December 1, 2014.

SECOND, rank your customers from best to worst, as they would have been ranked one year ago. If you currently use a statistics-based predictive model to rank your customers, then run it off the year-ago customer view.

If you do not have a statistics-based predictive model, then implement a basic RFM scoring system. RFM is the very effective approach pioneered by direct marketers to create a hierarchy of anticipated upcoming customer quality, as follows:

- R, which stands for Recency, indicates the time since a given customer's most recent purchase or other interaction. Often, the unit of measurement is days.
- F, which stands for Frequency, indicates a given customer's total number of purchases within a given period of time. Often, the period of time is over the past year or two.
- M, which stands for Monetary, indicates a given customer's dollar amount of the average purchase within the same period of time as the Frequency variable.

I recommend that you execute the generic but powerful RFM model that was published in 1988 by Connie L. Bauer, Ph.D. The following is a version of Bauer's model that currently is used by several companies:

Likelihood to Purchase = $((M+1).75 \times (F+1)) / ((R/30.4)+.9)$, where M = lifetime dollars,
 F = number of orders in the past 12 months, and R = number of days since the most recent order

THIRD, divide the ranked customers into deciles, that is, into ten equal groups. Decile 1—the customers with the highest calculated Likelihood to Purchase—will represent your best customers, and Decile 10 your worst.

FOURTH, for each decile, calculate from one year ago, that is, from December 1, 2014, the average per-customer revenue and the average per-customer promotional spend. Please note that the second will be impossible to calculate if you do not maintain promotion history. The following are examples of promotions:

- A face-to-face visit by a sales rep
- An outbound contact by an inside sales rep
- A mailed catalog or advertising flyer
- An email communication

FIFTH, simultaneously for each of four past-points-in-time—one, two, three, and four years ago—create a standard File Inventory Report. The specifics will vary by the type of business that you are in, but invariably will include:

- Permutations of customer counts, purchase rates, and dollar amounts
- Year-over-year absolute as well as percent changes

Components of your File Inventory Report should also double as Key Performance Indicators (KPIs) that are closely tracked throughout your organization.

If you can execute all five of these steps of the data processing test easily and rapidly, with no outside-the-system processing, then congratulations: You really do have a marketing database.

Furthermore, you probably understand why a marketing database needs to be able to do all of this. Sophisticated data-driven marketing is driven by deep-dive analytics. Analytics require the ability to rapidly recreate past-point-in-time (“time-0”) views, and then manipulate and report on the data within these views. In fact, multiple such views will have to be recreated simultaneously. Without this ability, you will not, for example, be able to quickly turnaround any cohort analysis, including lifetime value. Nor will you be able to build any statistics-based predictive models.

Whither the B2B Marketing Database?

The status of the marketing database is in rapid flux these days. Large companies are frustrated at the enormity of gathering, maintaining, and making accessible marketing data across the enterprise. Smaller companies are finding work-arounds, relying on marketing automation and CRM tools to manage their customer—mostly their prospect—information.

Why has this happened? “We did it to ourselves,” says Cyndi Greenglass, president of Diamond Marketing Solutions, a leading Chicago B2B agency. “We made it too hard to manage data across silos. The marketing database takes forever to build, and by the time you go live, the database is outdated—and far too expensive.”

So marketers are going in innovative new directions. In B2B today, the easier sell is sales force automation, which provides the control, the sales pipeline metrics, and the forecasting. Marketers are using this essential tool as the base, building file structures and data dictionaries around it. Marketing automation tools like Pardot or Marketo are added on top, while email may be deployed through ExactTarget, SilverPop, or MailChimp. Pulling together the pieces they need, they are getting the job done, but without the robust analytical capabilities of a traditional relational database.

Whatever tools they select, marketers must still understand the principles of database marketing—analysis, segmentation, targeting, campaign selection, predictive modeling. They still have to confront the age-old B2B database marketing challenges like sorting among enterprise, site-level, and contact-level data. And they must take up new challenges, like how to integrate unstructured data from social media. “Marketers must understand the fundamentals,” says Greenglass. “They just need to apply them faster. Ninety days is the new normal.”

Data is used all over the B2B sales and marketing function, so the confusion about what is “really” a marketing database is to be expected. In fact, you could argue that there are myriad kinds of tools that can legitimately be called marketing databases, since they contain information about customers and/or prospects, and can be sorted and analyzed. To get some clarity on the variety of databases used for B2B marketing purposes, David Knutson, principal at Direct Business Systems, has compiled an explanatory chart, shown in Exhibit 1.4.

Exhibit 1.4: Types of Marketing Databases

Type of Database	Description
Analytical database	The analytical database houses the complete record of the customer relationship, and allows the data to be accessed and analyzed for marketing purposes. In this book, this is what we mean by “marketing database.”
Customer file	For most organizations, the base building block of a marketing database. Contains all customer-specific fields, for billing, shipping, and for contacts. May also include summary sales data and links to order history.
Prospect and inquiry file—in-house	Includes inquiries and other leads from multiple channels, generated from a variety of sources. Ideally, a subset within the customer file, but may be kept within a marketing automation or CRM system until the first sale is made.
Prospecting database—external	Usually assembled by a list brokerage company, and may be housed at a service bureau. The customer file may also be loaded into the prospecting database, for both matching and suppressing customers from prospect marketing.
Co-op prospect database	Multiple companies pull their customer file data together, and a service bureau combines and de-duplicates. Participating companies agree to mutual use, for prospecting. Typically organized by large list brokerage and management firms.
Marketing automation tool, aka campaign automation	Software for campaign planning and execution. May be hosted internally and fed by customer file information, ideally, as part of a marketing database. Usually includes full promotion history. Can also be administered by third-party marketing services companies, in the cloud. Used for lead generation, new customer acquisition, and for increasing revenue from existing customers.
Sales force automation (SFA, also sometimes called CRM)	Enables salespeople to manage their contacts, opportunities and accounts, set daily action plans, and keep a record of their interactions. Some SFAs include the customer file as part of their function.
CRM	Enables marketing to manage customer relationships at the contact level, from initial inquiry through upsell and cross-sell.
Customer service system	Tracks customer inquiries, complaints and problems, as well as the company response. Provides easy access to both customer and order history. Ideally, provides a closed loop process to ensure all inquiries are properly handled. Usually a component of the customer file, but can also be a part of some SFAs.
Reactivation database (archive)	Dormant customer records that have gone three to five years since last order may be removed from the customer file on an annual basis, but saved as a separate database. In spite of their age, these accounts usually perform better than a good external prospect. A response generated from marketing to reactivation records can turn into a new lead, or a new order, moving them back onto the customer file.