

LEARNING MADE EASY



Account-Based Marketing

for
dummies
A Wiley Brand



Getting away from the
lead-based funnel

The four stages of
account-based marketing

Discovering the
right market

GETTING STARTED SERIES

DUMMIES CUSTOM SOLUTIONS

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Introducing the Basics of Account-Based Marketing

The essential definition of account-based marketing is *focused* business-to-business (B2B) marketing. The term *account-based marketing* isn't new. Identifying and targeting key accounts has always been a best practice for B2B marketing and sales teams. What's different today about account-based marketing is that improved technology gives marketing teams the tools for account-based marketing *at scale*.



REMEMBER

Scale means the ability to reach the right contacts instead of either blasting emails to the thousands of people in your database or manually reaching out to each individual prospect.

Account-based marketing is about identifying your best-fit prospects, then focusing all your efforts on engaging these prospects on their own terms. For B2B

marketing this is essential as it's the most efficient way to use your time, energy, and resources. You target businesses that are most likely to buy from your company. This is very different from old-fashioned B2B marketing.

Pouring Leads Into the Funnel

The forecasting model that is used by B2B marketing and sales professionals to monitor potential new revenue is the sales pipeline. The pipeline is commonly referred to as *the funnel*.

The traditional B2B marketing and sales funnel tracks the various stages of a revenue opportunity as it moves through the sales process. The pipeline itself is named from the funnel. A lead becomes an opportunity as it progresses through the funnel, or pipeline, where it eventually becomes a closed deal. In this form of B2B marketing, emphasis is often put on the number of opportunities in the sales pipeline. This is why traditionally marketing has been focused on pouring leads into the top of the funnel by purchasing lists, advertising, sending emails with content, and a variety of other marketing efforts. The idea is that when more leads come in, more potential deals enter the pipeline.

From beginning to end, your prospect moves through a few predictable stages in this funnel. These are the stages of the traditional B2B buyer's journey:

1. **AWARENESS:** A potential new customer hears about your company's product or service.

This potential client is called a *prospect*, or *lead*. Leads are the most common metric that B2B marketers use to measure the success of their marketing activities and programs. In the Awareness stage, marketers pour leads into the top of the funnel to identify any and all prospects who want to learn about your product or service.

2. **INTEREST:** A lead becomes a marketing qualified lead (MQL).

The marketing team examines the lead's title, company information, and other attributes to determine whether this prospect should be forwarded to sales. If the lead becomes an MQL, then it's time to start engaging the prospect at a deeper level. The lead is passed on to sales, and becomes a sales accepted lead (SAL). Now, the salesperson engages in a series of calls and emails to engage the SAL in an in-depth conversation or discovery call. In the discovery call, the salesperson learns more about the issues or pain points the SAL is experiencing. During the call, if your salesperson and SAL agree that there is a potential opportunity to do business, the SAL becomes a sales qualified lead (SQL).

3. CONSIDERATION: Your SQL becomes an opportunity.

Often, this stage is the breaking point for a lead. Your SQL is getting more people from his or her company involved. In B2B purchases, the decision rarely is left to a single decision maker. Your original lead, or champion, probably must persuade his or her internal stakeholders that they should purchase your product or service. This is when you negotiate with your potential new customer. At the Consideration stage, the marketing and sales teams must work in alignment to provide content that can overcome objections. The more handholding your team does during this stage of the traditional funnel, the more likely you are to close the deal. Advancing a deal through Consideration is always an uphill battle for B2B sales.

4. PURCHASE: The final stage of the traditional B2B marketing and sales funnel ends with a decision.

Your prospect has progressed from an MQL, SAL, or SQL to become an opportunity. Now, the prospect either chooses your company, chooses another competitor's products or services, or abandons the purchase. Your business either has won the deal or wasted a lot of time and energy on the sales process.

Moving Away From Lead-Based Marketing

Working in B2B marketing is tough. According to Forrester Research, only 0.75 percent of leads become closed revenue. If you can induce a lead to purchase, you deserve praise for making it to the bottom of the funnel. Your team hustles all quarter to pour leads into the funnel; however, sometimes it doesn't generate revenue because not all of the leads marketing generates become sales opportunities.



REMEMBER

Not all leads are created equal.

The biggest problem with the traditional funnel is that leads fall out as they move through these stages. Only a small percentage of the leads collected at the top of the funnel in Awareness will make it all the way to Purchase at the bottom, which is why the traditional sales funnel looks like an upside-down triangle. With the traditional funnel, four major problems can cause lead-based marketing efforts to fail:

- » The funnel isn't optimized for B2B marketing. Because the traditional funnel comes from a sales process, it isn't optimized for marketing. Also, the traditional funnel is designed for a single customer and isn't optimized for multiple decision makers. This model is better attuned for a business-to-customer

(B2C) process, where the stages are well known, there are quick cycles, and the progression is very linear. If less than 1 percent of your leads ever become closed deals, the other 99 percent of leads are a huge waste of your time and resources. B2B marketers have to think differently about what's generating revenue and focus on those efforts.

- » Marketing is focused on acquiring leads instead of accounts. The VP of Sales or the CEO says, "Our company needs to double revenue!" In the past, that's when the marketing executive tells the team to crank up demand generation so they can double the number of leads, adding more to the top of the funnel and closing more revenue. Sadly, at the end of the quarter the marketing team will have decreased the cost per lead (CPL) and increased the number of leads, but they won't have increased revenue produced.
- » Lead volume is more important than precise targeting. With lead-based marketing, it's easy to look at your conversion rate and decide that you need to add more leads to the funnel to close more revenue. That isn't exactly the answer.
- » A linear path is assumed for all customers' journeys. When you're looking at the traditional funnel, it looks like logical steps in a progression, which isn't always the case for a customer journey. No prospect wakes up and says "I've got to solve this problem today." For the Awareness stage, your marketing team created content that answers the prospect's problem and blasted it everywhere, hoping to find people who need this problem solved. That's another reason why lead-based marketing fails: you're putting your message in front of people who aren't trying to solve this problem right now.

But what if your company flipped this funnel so that your customers are at the top and the channels you utilize, be they social media, display advertising, video, or mobile, are second? Instead of asking which technologies and channels you should use to target your buyers, you should ask "Which customers are we targeting?"

Discovering the Four Stages of Account-Based Marketing

Account-based marketing can be broken down into four main stages that will help you target the right customers in the right ways in order to put yourself on the pathway to success.



STATISTICS IN FAVOR OF ACCOUNT-BASED MARKETING

When you compare how much it costs for a lead to become closed revenue for your organization, you can make a compelling case for why your company should switch from traditional lead generation to account-based marketing:

- Only 0.75 percent of leads generated become closed revenue (Forrester).
- Generating high-quality leads is the number-one challenge for B2B marketers (IDG Enterprises).
- More than 90 percent of B2B marketers acknowledge account-based marketing as either important or very important (SiriusDecisions).
- B2B companies have begun utilizing targeted account strategies, as 86 percent of marketing and sales professionals attest (LeanData).
- More than 60 percent of B2B marketers surveyed said they plan to implement an account-based marketing (ABM) program within the next year (Terminus).
- ABM had higher ROI than other marketing activities, according to 97 percent of marketers in a survey (Alterra Group).
- Almost 85 percent of marketers who measure ROI describe ABM as delivering higher returns than any other marketing approach and half of those marketers cite significantly higher returns (ITSMA).
- On average, the number of people involved in a large technology purchase has increased from five to seven (IDC).
- For more than 90 percent of B2B buyers, the amount of their product research depends on the price of a purchase; as the price increases, the amount of research increases (Salesforce).
- Nearly 85 percent of marketers said ABM provided significant benefits to retain and expand existing client relationships (Marketo).

Identifying your best-fit contacts

The first step of account-based marketing is to identify your best-fit contacts. With traditional lead-based marketing, your marketing team focused on feeding as many leads as possible into the top of the funnel. With the account-based marketing funnel, you start the sales process by focusing on a single point of contact. You target your best-fit lead and create a contact. This contact is potentially a good fit for your

business. You determine whether they're a good fit by using a set of criteria. This set of criteria aligns with your ideal customer profile. After you have determined that this contact meets your ideal customer profile, you begin the process of turning the contact into a full account.



TIP

Would you rather go fishing with a net or a fish-finder? Knowing where trout congregate in a stream is a first step toward catching the exact type of fish that you want, but how much easier would your job be with a fish finder? Not only could you see where the fish are located, you could also get more insight into the size of the fish. Think of account-based marketing as your fish finder, so you can reel in the biggest fish.

Expanding contacts into accounts

The second stage of account-based marketing is to expand. This involves expanding your contact into an account. After the account is created, you further expand the account by adding more contacts. Your ideal customer profile is the type of company (the account) you want to work with. Within these accounts, there are contacts (the people who will use your product or service).



REMEMBER

Expanding is often the toughest stage for marketers who are used to traditional lead-based marketing. With lead-based marketing, you're starting big at the top of the funnel, then slimming down the leads through different stages of qualification. Switching from lead-based marketing to account-based marketing requires a fundamental shift in the mindset of an organization.

Engaging accounts on their terms

The third stage of account-based marketing is to engage. Engagement is where your content comes to life. This stage is by far the broadest because there are so many ways to engage with your prospects. Engagement often is where marketers become scientists. They test different types of content to find which types resonate with specific types of contacts and accounts.

Using personalized marketing, your marketing and sales teams engage all of the contacts within an account. You target your marketing messages to your best-fit customers on the channels where your ads are most likely to be seen. This creates more energy to close deals sooner.

Engagement is the broadest stage of account-based marketing, because there are so many ways to engage with your prospects. Think about email, webinars, ebooks, targeted ads, videos, events, and any programmatic or automated ways you use to get in front of your target audience ("target audience" is the key phrase).

While this is the first step in the traditional funnel, the flipped funnel waits until you've identified key accounts before developing the targeted content needed for engagement. This gives sales and marketing the opportunity to dive deeper and understand the motivations, pain points, and demographics of each account.

Here's an example: A healthcare company is actively targeting enterprise employers in the San Francisco area. With a list of employers in hand, the healthcare company can both target specific leads with which they may have already engaged and automatically present personalized ads to other decision makers in those accounts on the same channels that they're already using. This increases the reach within those accounts and makes it more likely that those contacts will already have been exposed to marketing messaging by the time the sales team is actively reaching out. The key here is to present marketing messages on the buyer's schedule, not on yours. This is a huge differentiator between traditional and account-based marketing. This outreach is called engagement.



TIP

Your sales reps are on the front lines, so they're a valuable source of information about your prospects. Ask your sales team what's going on with each of your target accounts. What are the pain points of these specific accounts? Which decision-makers are you trying to reach? Which features of your product are most important to buyers?

Creating customer advocates

The final stage of account-based marketing is to advocate. This is when your accounts are customers. Your new goal is to turn your customers into raving fans of your business. This is the creation of customer advocates. Customer word-of-mouth marketing through referrals, reviews, and peer interaction is the most organic and impactful type of marketing.

Focusing on the Right Market

How can you know which companies and which industries are the best fit for your product or service? Unless you're a new company that has never sold a deal, you should have customer data that can help. If you have a handful of customers, or even 50 or 100 clients, then you have a starting point. Using your existing customer data, you can profile your current customers and analyze the data to find which companies are your best-fit customers. You can determine whether they are the best-fit by the following criteria:

- » Amount the customer pays your company: The total annual recurring revenue (ARR) or monthly recurring revenue (MRR) is a starting point for all of your customers. There's the mantra that 80 percent of your revenue comes from 20 percent of your customers, and unless you're a purely transactional organization, the amount of revenue matters. The deal size of your current customer is a starting point for the deals you hope to close in the future.
- » Time needed to service the customer: If a customer doesn't pay your company much revenue and requires lots of attention, they probably aren't an ideal fit for your business. Holding a certain customer's hand all the time prevents your team from servicing other customers. This problem is magnified when the problem child doesn't pay much revenue to your company.
- » Problem you solve for your customer: Why your customer wanted to buy from your company in the first place. Your client decided to purchase from your company because your product or service addresses a pain point. This problem is answered by your business solution. Understanding that original need will help you find the other industries and companies that can benefit from your solution.

When you review these features within your existing customer database, you find a baseline of the types of customers that are a good fit with your business. From there, you can identify the industry in which they are categorized.

Creating an Ideal Customer Profile

Finding the ideal customer isn't like trying to find a needle in a haystack. You can build a magnet to make all of the needles jump out of the hay! (Please wear eye protection.)

After you've determined the industry and company size of your best-fit customers, you can reach a deeper level by writing your ideal customer profile (ICP). Here's how.

Determining your ICP

Knowing who you should be selling to helps immensely in account-based marketing. For your ICP, consider the features in the example below to identify the best-fit customers. For this example, your product offering is a marketing technology (MarTech) tool.

» **INDUSTRY:** Financial services industry

The financial services industry is the vertical channel you're targeting.

» **COMPANY SIZE:** Small and medium-sized businesses (SMB)

The ideal companies will have about 50 employees and less than \$10 million in ARR.

» **DEPARTMENT:** Marketing

The marketing professionals in the financial services industry can benefit most from your product.

» **RESPONSIBILITIES:** Marketing

The marketing department team members you're targeting are tasked with managing marketing operation tools as well as handling display advertising on various channels, such as mobile ads, social media, and video.

» **ROLE:** These marketing professionals fit various levels within the organization. They have titles from coordinator, technologist, manager, and director up to the vice president or CMO.

Since I'm targeting SMB companies, the titles will vary according to the number of team members in the marketing department.



TIP

Examine your Customer Relationship Management (CRM) system to see the titles of the contacts who are your current customers. Knowing the titles of your existing customers who have proven to be successful with your product is helpful when creating your ICP.

Your ICP becomes the qualification criteria for identifying the best-fit contacts for account-based marketing. To continue this example, below is one of your contacts. See if she aligns to your ICP.

Nikki is a marketing technologist at a mid-size company. She's responsible for managing all of the marketing operations tools from the CRM and marketing automation systems to social media platforms. Nikki helps discover and purchase the tools that help drive the success of her company's marketing activities.

From the information above, Nikki fits your ICP and could be a good best-fit customer. We'll use her as an example to further build out the customer persona.

Crafting personas

After you've built your ICP, you add a layer that defines your personas. The persona details can be very specific, including demographic information.



TIP

Some companies choose to even include specific television shows, celebrities, or other pop culture information that your persona might care about in order to get more creative with the types of marketing activities they pursue. It's fun but not always necessary for crafting personas.

For account-based marketing, you need to know some important details for your persona:

- » **Who is your persona?** Take your ICP with industry, company size, department, responsibilities, and role. For "Nikki," she is a technology operations manager in the marketing department of an SMB company that sells B2B marketing software. She's responsible for managing all the marketing technology (MarTech) tools.
- » **What does your persona care about?** Knowing Nikki's role in the marketing department, think about what her pain points might be. Nikki needs products and solutions that make her job easier. She has so many systems that she needs one system of record to store all of her data. She needs a tool for identifying who to target for marketing. Nikki also needs the capability to report the measurements and metrics of what marketing activities are working and what are not.
- » **How does your product or service help?** The solution for alleviating Nikki's pain points would be a combined MarTech stack of a CRM (single system of record), marketing automation for reporting activities, and an account-based marketing platform for measuring ROI on all of the marketing activities for the companies that she's targeting with her marketing.

Because this is a B2B purchase decision, you know Nikki isn't the only persona you'll have to sell to. She reports to a VP or CMO. Nikki may also have someone reporting to her, such as a marketing coordinator. The CMO persona will have different responsibilities than Nikki, and the marketing coordinator also plays a different role. It's important for you to create different use cases for how each of these personas will benefit from working with your business.

Understanding personas' motivations

By taking the time to understand each of your persona's motivations, you can have more effective conversations. When you know what motivates these personas, you can address these points with your marketing messaging. These are the most important considerations for understanding your personas' motivations:

- » **WANTS:** Using “Nikki” as our example, she wants to be an innovative MarTech manager who contributes to her marketing team’s success through the use of marketing tools and software applications.
- » **NEEDS:** Nikki needs technology that makes it easier to do her job. Your product should make Nikki’s job easier, not harder; otherwise, it’s a bad product. Nikki doesn’t need a bad product.
- » **PAINS:** Nikki’s biggest pain is that she doesn’t have enough time to do everything she wants to do or what her executive team has tasked her with.
- » **FEARS:** What keeps Nikki up at night? The stress from her job. Since Nikki is a high-achiever, she wants to win and is afraid of failing.

When you understand what motivates each of your personas, you’re positioned for success with your marketing messages.

Making a Value Proposition

When you’ve taken the steps to determine your best-fit customers who fit your ICP and then to identify those personas within that ideal company, you’re in a good position to create a value proposition. Commonly referred to as a *value prop*, a value proposition calls attention to the features and capabilities of a product, service, or feature. In B2B marketing, providing your prospect a value proposition demonstrates the benefit of doing business with your company.

Differentiating value based on roles

Since you’ve taken the time to identify personas with whom you want to do business, you can address a value proposition to their individual responsibilities. To create a value proposition based on roles, you will need to consider the challenges each of your personas faces and the solution for overcoming those challenges.

Tailoring your message

Your message must be personalized for each of your personas. Each of your personas has specific wants, needs, pains, and fears. Here’s an example of a value proposition for why a B2B marketing professional would want to use account-based marketing.

Account-based marketing gives you the ability to accelerate your sales pipeline. Since you are laser-focused on the best-fit accounts for your business, you engage only qualified prospects. For your marketing team, this allows you to better target the contacts which match personas in your ICP accounts. Better targeting eliminates the process of typical lead generation. You're providing additional cover for sales by using a combination of content marketing activities in addition to targeting display advertising at these best-fit accounts. For your sales team, this shortens the deal cycle and increases your win rate.

Overall, once you combine the right message with the right customer, you'll be headed for success.

To get more tips on how you can expand your marketing efforts, visit dummies.biz and check out our ***Getting Started* marketing series**. This series includes ebooks highlighting the basics behind several popular marketing methods and a guide to help you bring these tactics together into an integrated marketing campaign.

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