

LEARNING MADE EASY



Account-Based Marketing

for
dummies
A Wiley Brand



Identify best-fit accounts
and personas

Engage decision makers and
influencers on their terms

Accelerate your marketing
and sales pipeline

Compliments of

 **Terminus**
Account-Based Marketing

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IN THIS CHAPTER

Applying the fundamentals of account-based marketing

Dissecting traditional B2B marketing practices

Getting away from leads and the traditional lead-based funnel

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Chapter 1

Introducing the Basics of Account-Based Marketing

Account-based marketing (ABM) is a hot topic. #ABM and #FlipMyFunnel are trending on Twitter. At business-to-business (B2B) marketing events, featured speakers illustrate the value of account-based marketing. If you're unfamiliar with ABM, this chapter shows exactly what account-based marketing is, and how it can change the status quo of how your company measures its success metrics.

This chapter defines account-based marketing, and shows why ABM is such a powerful movement in the B2B marketing industry. I list the major reasons why companies need to implement account-based marketing, and how you flip the traditional B2B sales and marketing funnel. Instead of collecting tons of leads at the top of the funnel, I describe how to quickly identify your best-fit customers, then convert these prospects into your accounts for targeted marketing.

Defining Account-Based Marketing

The essential definition of account-based marketing is *focused* 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 became an opportunity as it progressed through the funnel, or pipeline, where it eventually became a closed deal. Marketing and sales teams are familiar with the CEO or President examining all of the opportunities in the sales pipeline. This is why marketing has been focused on pouring leads into the top of the funnel. New leads were acquired through purchasing lists, advertising, sending emails with content, and a variety of marketing efforts. When more leads came in, more potential deals entered the pipeline. Figure 1-1 illustrates the traditional B2B sales funnel.

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, becoming 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: The time when 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 that a deal closes. Advancing a deal through Consideration always is an uphill battle for B2B sales.

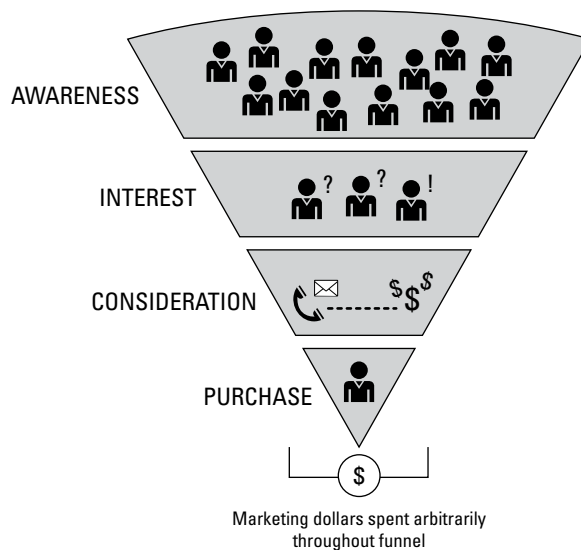


FIGURE 1-1:
The stages of the
traditional B2B
funnel.

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 opportunity. Now, the opportunity 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 B2C process, where the stages are well known, there are quick cycles, and the progression is very linear. If fewer 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 amount 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 cost per lead (CPL) and increased 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 that 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.

FLIP THE FUNNEL, ACCORDING TO JOSEPH JAFFE

Joseph Jaffe is the author of *Flip The Funnel*, and several other books. He enlightens the B2B industry on the fact that marketers spend their marketing dollars and resources on the wrong area of the business. "If 80 percent of your revenue comes from repeat business, then why are you spending less than 20 percent on the 80 percent revenue contribution? What we see in the marketing world is this constant obsession with acquisition."

Jaffe challenges marketers to view retention as the new acquisition by focusing on customer advocacy programs to acquire new customers through existing customers. "At the end of the day when you think about it, the real magic is the magic between a company and its customer base. It's not your grandfather's customer service. It's about customer service 2.0, where we are super-consumers, promoters, and influencers."

According to Jaffe, marketers should be thinking about the migration from the voice of the customer to the brain of the customer. He said the customer's voice is linked to innovation and the research and development of a company. By hearing the ideas and suggestions of your customers, this helps evolve the company's offering to suit the needs of your customers.

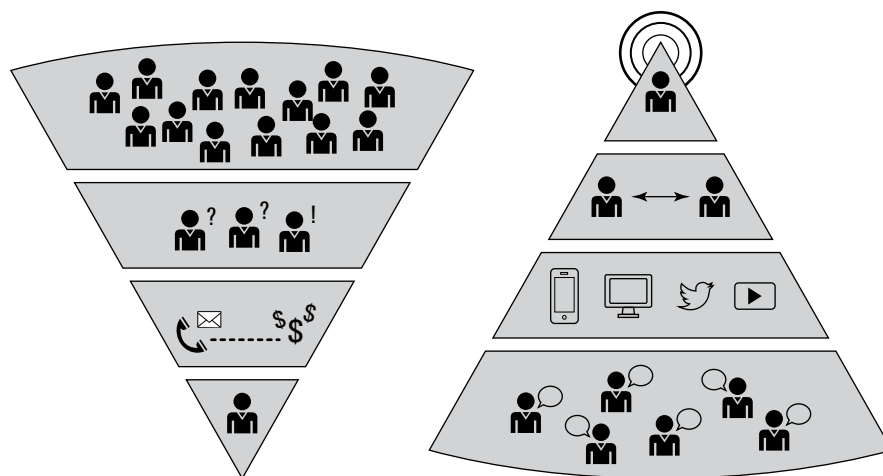
Jaffe estimates that the cost of acquiring a new customer through an existing one is about one-third of the cost of other acquisition methods. Therefore, marketers *shouldn't* spend their time, energy, or money by blasting out their message to acquire as many leads as possible. The moral of his story? *Don't buy attention, pay attention.* Focus on your customers and give them an incredible experience. Their good references and word-of-mouth referrals will drive new clients to your company.

But what if your company flipped this funnel, so that your customers are at the top and the channels you're targeting are second? Instead of asking which technologies and channels you should use to target your buyers, you should ask "Which customers?"

Flipping the Funnel

In 2006, renowned author Seth Godin wrote about flipping the funnel to give your fans a "megaphone." Through the rise of the Internet, your customers can voice their opinions more loudly than ever before, and they will get louder. Your marketing and sales team also can flip the funnel with account-based marketing. Figure 1-2 shows how we flip the funnel.

FIGURE 1-2:
Comparing the
lead-based and
account-based
funnels.



The traditional lead-based sales and marketing funnel has been turned into a cone by using account-based marketing. The tip of the cone is your initial lead. This lead becomes your first *contact* and is then developed into an *account*. That's how account-based marketing got its name. You're identifying the accounts you want to engage, then strategically marketing to each contact in the account. Throughout this book, I discuss all levels of account-based marketing, and I show you how to use technology for marketing to these contacts.

There are four stages of account-based marketing: *Identify*, *Expand*, *Engage* and *Advocate*. The four stages of account-based marketing apply different processes and components of technology. By using technology, you can implement account-based marketing. Figure 1-3 shows the stages of account-based marketing.

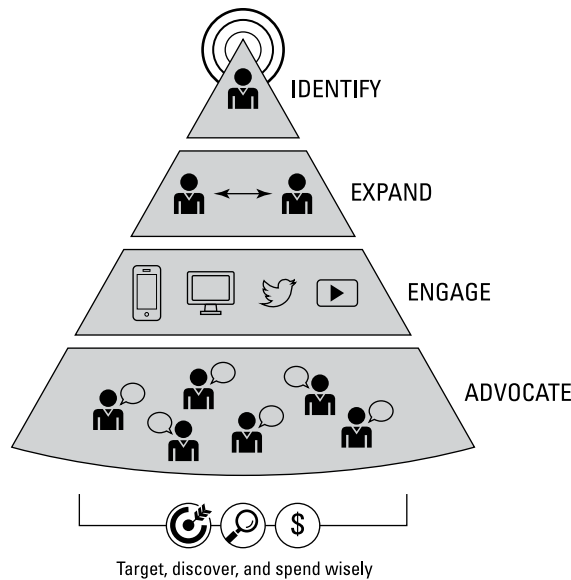


FIGURE 1-3: Examining the stages of the account-based marketing funnel.

I cover each of the four stages in detail in each of the parts of this book. Part 2 shows how to identify your contacts. Part 3 shows how to expand contacts into accounts. Part 4 shows how to engage accounts. Part 5 shows how to turn accounts into your customer advocates. Part 6 provides the metrics to determine whether your account-based marketing activities are successful. Part 7 has additional resources and tools for account-based marketing.

In the rest of this chapter, I provide a high-level overview of each of the four stages.

Identifying your best-fit contacts

The first step of account-based marketing is to *identify*. With traditional lead-based marketing, your marketing team focused on feeding as many leads as possible in 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 potentially is 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 is your job with a fish finder? Not only can you see where the fish are located, you 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 those accounts, there are *contacts* (the people who will use your product or service).



WARNING

Often, expanding is 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 and channels come 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, whether that's social media, display advertising, video, or mobile. 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 *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 talking to their peers is the most organic and impactful type of marketing.

Traditional B2B marketing lacks alignment between the marketing, sales, and customer success teams. In this book, I show you how to work with your entire company to continue your account-based marketing efforts beyond the buyer journey and throughout the customer lifecycle.