The B2B Guide to Customer Insight

Transforming data into predictable revenue

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Contents

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What is B2B Customer Insight?

Customer insight for businesses selling to other businesses can be utilised in marketing and sales to radically improve profitability through better efficiency and effectiveness.

Traditionally, the conversion rate from prospect to customer is relatively small. Research has found that even top performing B2B companies work on an **average 1.54% conversion rate end-to-end**, from a lead to a sale.

Yet whatever the funnel, there's always room for improvement. Is the sales team trained properly? Are the leads the 'right' leads? Could you reduce your cost to sale? Why do some leads convert but others not?

These are common questions asked of sales and marketing teams when targets are not being met. Even so, decisions to solve these issues are often based on gut feelings, or a source of data that could be unreliable, incomplete or factually wrong.

What if there was a reliable source of data to back up the resulting decisions, and gut feeling was removed?

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Leads could be profiled and segmented into good and bad – before time is spent attempting to sell to them. This can have profound effects on a business.

Over 30 years, and across thousands of databases, Blue Sheep has found, in almost every case, a demonstration of the Pareto Principle, that:

Between 60-80% of a company's revenue comes from just 15-25% of the customer base.

So here's a question: **How can we use insight to truly understand the 1.54% that convert, and devote all our time and effort to those leads?**

By focusing budget, effort and resource from the sales and marketing teams on the 15-25% that deliver the majority of the revenue, a business can transform its profitability without transforming the organisation.

Over the next few pages, we're going to show you how…

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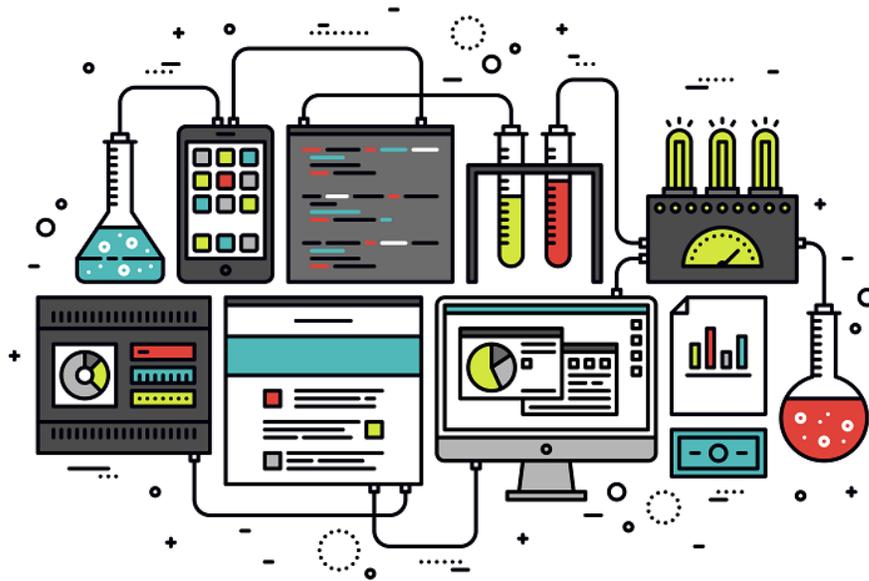
First We Need to Talk About the Dull Bit...

...Data Quality! It may not be exciting, but it needs to be in place before you can understand the data, extract it or use it. Quality data needs to be the foundation for all your data-driven marketing actions, from traditional direct mail campaigns to cutting-edge AI and predictive strategies.

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UK businesses lose **6%** of their **annual revenue** through bad data.
(DataIQ/Royal Mail)

UK retailers could **save** an average of **£500,000** through data cleansing
(DataIQ/Royal Mail)

On average, **20.5%** of a business's total revenue is at risk, caused by miscommunications and marketing errors through bad data
(Blue Sheep)

Blue Sheep Money Map customers could save an average of **£28.5 million** by cleaning their duplicated data
(Blue Sheep)

Key to any good customer insight is ensuring that the data you are analysing is clean and accurate.

This means clearing it of duplicates, removing bad records, appending data with attributes and information you don't already have, and pulling together all the data from different databases. It is only once the data is clean and trustworthy that you can begin utilising customer insight for marketing or business decisions.

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A recent report from Crowdflower claimed that Data Scientists spend 51% of their time cleaning data.

Not only does this indicate that the "sexiest job of the 21st century" is far from sexy (in fact often quite tedious, it shows the importance PHD educated data professionals place on data quality and cleansing.

We can't lie. Maintaining data quality is hard.

Most businesses have more than one database where customer data is held. For example, you may have a CRM for sales but a legacy database for customer support.

You may have a marketing automation tool for leads and another tool for sales, a financial system for billing, and an army of spreadsheets for anything outside of the box. Sound familiar?

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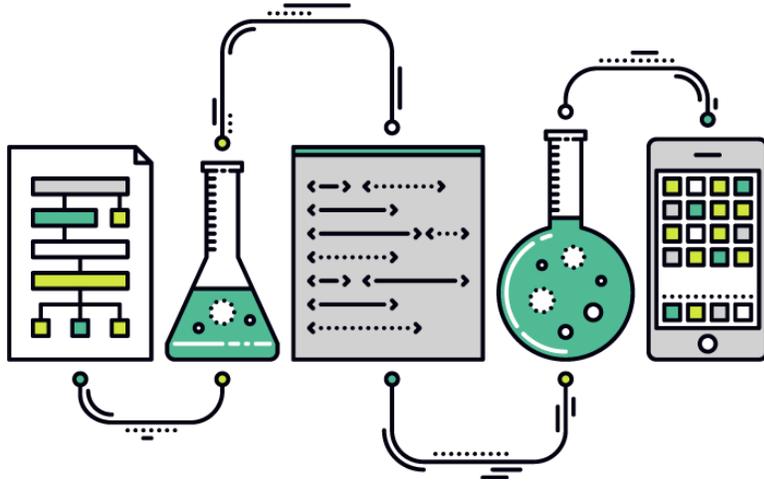
So, How Clean is Your Data?

Creating an innovative and exciting new campaign will not achieve anything if it never reaches the right recipient, while sending the wrong message can hurt customer relationships. Dirty data damages reputations and revenue. How clean is yours?

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Before you clean your data, you'll need to see what state it's in. The good news is that most data cleansing and enhancement companies will analyse the quality of your data for free. The resulting report will document many key things, like:

- Percentage of duplicates

- Quantity of "goneaways" (contacts or businesses that have moved from their job or company, or have ceased trading)

- Quantity of incomplete or incorrect records (such as missing or incorrect postal code)

Incorrect Records 30%

Goneaways 15%
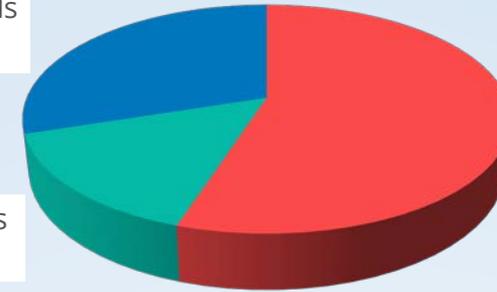
Verified Records 55%

Our method at Blue Sheep uses pre-built and automated matching rules, and in-house developed systems, that match your data against a wide breadth of up-to-date business data that we already own. Checks are made against various databases for verifying its accuracy and completeness.

Alternatively, you could tackle these datasets yourself, learn some SQL or brush up on your Excel V-lookups, which would be both costly and time-consuming. So, a sensible first step is to utilise a free data quality audit on offer instead.

Data Quality Audit
Request a Free Data Quality Audit report from Blue Sheep

Completely free service with no obligation

Request now

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Depending on your organisation's data protection rules, you may find providing your data to a third party difficult, particularly if you need to request data from multiple parts of the business. But don't let that stop you!

Remember, unless you have all the data available in the UK at your fingertips, access to Companies House, mover data, national suppression files and so on, assessing your data quality internally could take much longer than outsourcing.

Equally, you may have full access to directly export your data from a modern CRM, contact management or marketing automation software.

Either way, it is more important than ever (especially considering the new General Data Protection Regulations on 25th May 2018), that you ensure you entrust your data to a reputable data company and request a non-disclosure agreement between both parties.

The transfer of data should be clearly discussed with the data company, including the levels of security being offered to ensure the protection of the data in their hands.

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Your customers would not be impressed with you (neither would the Information Commissioner's Office) if your data landed in the hands of someone else.

Some of the best standards to look for are ISO 27001:2013 and ISO 9001:2015. Also, compliance and affiliation with a respected industry body (such as the Direct Marketing Association, aka DMA) is also a sign of trustworthiness.

Don't forget to discuss General Data Protection Regulation (GDPR, known in the UK as the Data Protection Bill) with a data supplier and request literature to understand their approach to data protection.
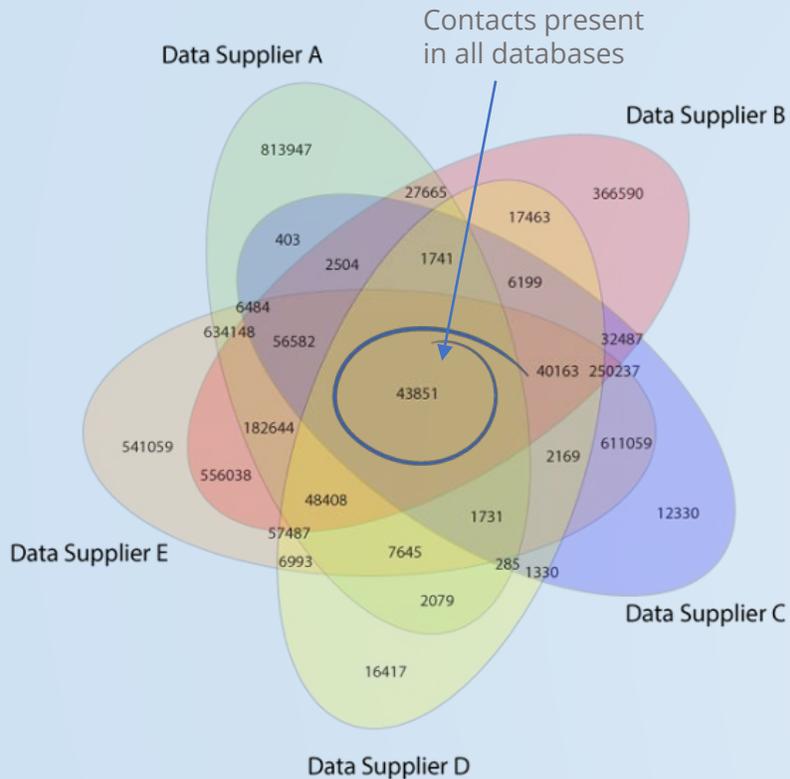
ISO 27001:2013 specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system. It also includes requirements for the assessment and treatment of information security risks.

ISO 9001:2015 specifies requirements for a quality management system when an organization needs to demonstrate its ability to consistently provide products and services that meet customer and statutory and regulatory requirements, to enhance customer satisfaction.

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The Importance of 'Match Rates'

Contacts present in all databases

Data Supplier A
Data Supplier B
Data Supplier C
Data Supplier D
Data Supplier E

A third party data company's quality audits, cleansing and enhancement services are only as good as their 'Match Rate' with your own data. The better the Match Rate, the higher degree of your data can be assessed for its cleanliness. With a poor match rate, the analysis and services will not provide conclusive results.

MATCH RATE GUIDE

- Excellent match rate: **80% or above**

- Good match rate: **70% to 80%**

- OK match rate: **60% to 70%**

- Poor match rate: **0 to 60%**

Why do Match Rates from different data providers vary so much?
Data providers obtain and validate their data using different collection and validation methods. Depending upon those methods, the breadth of their coverage, and the data they hold, Match Rates can differ massively. As shown with the Venn diagram and the analysis of five data providers, only 43,851 records out of the four million supplied are present in all five databases!

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"Don't waste time and money on ill-informed customer insight and generic campaigns. Organisations cannot afford to throw mud against the wall to see what sticks.

With precise data and deeper insight, ensure your marketing pound is spent more efficiently and more effectively – on the customers and prospects who bring the biggest reward!"

**Iain Lovatt,
Blue Sheep Chairman**

Iain Lovatt has 30 years' experience at the forefront of the database and analytics market, having founded Blue Sheep in 1986.

Iain actively contributes to the direct marketing industry, holding the Chair of IDM Data Council in the UK for nearly six years. He has also been a board member of the DMA and is a Visiting Professor at the University of the West of England.
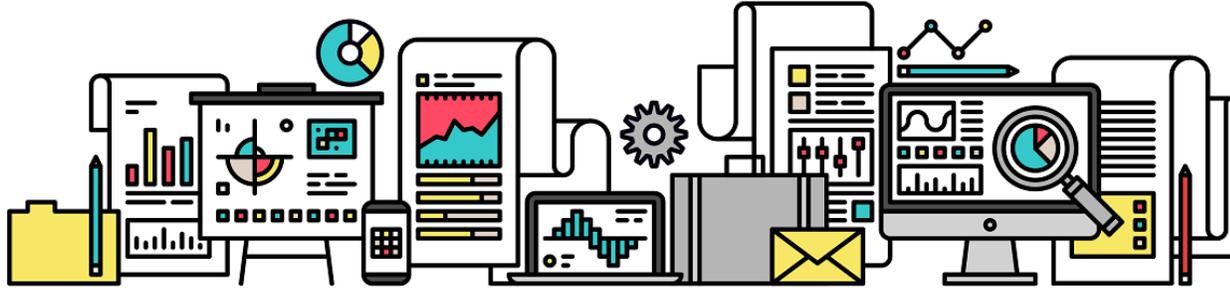
Getting Ready for Insight...

...With data cleansing and enhancement. Help your first party data achieve its full potential! Get it into shape, then enhance it with additional information for a more detailed, more valuable picture of your customers and prospects for your campaigns.

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Once you know the state of your data you'll start to know a lot more about your database, and whether you can start using your data for analysis and creating insights.

The report can also help identify where errors usually occur, for example user error (e.g. salespeople inputting duplicates manually or marketing teams not doing due diligence), but a percentage will always be due to 'data decay'.

On average, 30% of all B2B data will be out-of-date within 12 months due to changes in businesses and personnel.

An audit of your data, therefore, helps understanding of what to clean, but also where you need to retrain or fix staff and/or systems that are prone to creating data errors in your data.

Essentially, you're already extracting insight that can reshape parts of your business for the better.

Depending on the outcome of the data quality audit you can then start to go about cleansing and enhancing the data.

The actual process of data cleansing may involve removing typographical errors or validating and correcting values against a known list of entities. The validation may be *strict* (such as rejecting any address that does not have a valid postal code) or *fuzzy* (such as correcting records that partially match existing, known records).

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Some data cleansing solutions will rectify data by cross-checking with a validated data set.

A common data cleansing practice is data enhancement, where data is made more complete by adding related gaps in information are filled. For example, appending addresses with any phone numbers related to that address.

Data cleansing may also involve activities like harmonisation of data, and standardisation of data. For example, harmonisation of short codes (High St., London Rd.) to actual words (High Street, London Road).

Typical error rates for manual data entry are
1 error for every 300 keystrokes
(Purchase Order Management Best Practices)

21%
of business have experienced reputational damage due to bad data

(Econsultancy)

32%
of all business data is redundant, obsolete or trivial

(Databerg)

Email marketing data naturally degrades by
22.5%
every year

(Marketing Sherpa)

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The approach may differ between companies, but the data cleansing and enhancement process generally consists of:

Data quality audit: A comprehensive analysis of your existing database to identify any inaccuracies and incomplete customer and prospect data.

Find and remove duplicates: This will give you a true sense of how many customers you really have, by removing all the duplicated names, emails and contact details and merging them into a single record.

Eliminate typos: Even tiny mistakes have a big impact. Data enhancement ensures names and details can be cross-referenced and verified for accuracy.

Screen and suppress: Screenings check your database against up-to-date records to ensure that address or job titles are current, their direct marketing preferences are up-to-date, if they are eligible for your services and so on.

Enhance and append: By appending your records with complementary data from third parties, you can build a more complete picture of your customers and prospects, helping you find more prospects and segment your customers with greater precision.

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Customer Insight Objectives

The deeper and more informed your insight, the stronger your relationship with your customers, the more relevant your conversations and the smarter your decisions. Time to plot a course to more revenue and bigger profits!

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With clean and trustworthy data you are ready to analyse the data, look for patterns and draw on information that is accurate and potentially deliver business-changing results for your marketing and business decisions.

So, now comes the sexy part about data – customer insight!

A business's profitability is fundamentally improved by three simple things:

1. **Generating more sales**
2. **Reducing wastage**
3. **Increasing efficiency**

Therefore, any insight you want to gain about your customers should be focused on these end goals.

If you can use customer insight to identify better prospects and leads (i.e. the ones likely to spend more and stay longer) then your sales and marketing teams will start to **generate more sales**.

What's more, by concentrating efforts on better leads, you are **increasing efficiency** and **reducing wastage** by ensuring your sales teams aren't wasting time (multiple meetings, calls and expenses) on leads that never convert.

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The Money Mapping Example

Money Mapping is a form of customer insight that focuses on both transactional and contact data. It therefore requires both of these datasets to work.

Essentially a form of Propensity Modelling, Money Mapping determines the likelihood of new prospects to purchase from you based on historical data.

The model correlates a history of your customers, their transactions, locations, business size and an economical forecast, on every business, and then applies a layer of matched data from other data sources to build complex profiles of customers, scoring them based on propensity to purchase and lifetime value.

These profiles are then applied as scores to every customer to define them into four customer groups or segments:

Treasures: VIP customers that spend big, stay long and are easy to acquire.

Avoids: 'Tyre kickers' that drain resources and spend relatively low amounts with you.

Sales Promotions: Low spending customers but easy to acquire and provide a fertile group for cheap acquisition programmes

Marketing Developments: High spending customers but perhaps difficult to convert or need special attention

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Once these customer profiles or segments are created, they are then matched back to 25 data sets again to reveal other lookalike businesses.

This can then look at the population of all UK businesses that match your 'Treasures', 'Avoids', 'Sales Promotions' and 'Marketing Developments'.

By doing this match back, it provides:

- Insights that can be used to improve your acquisition campaigns

- The right prospects to target with marketing and sales

- Protection of crucial revenue that is at risk in your existing customer base
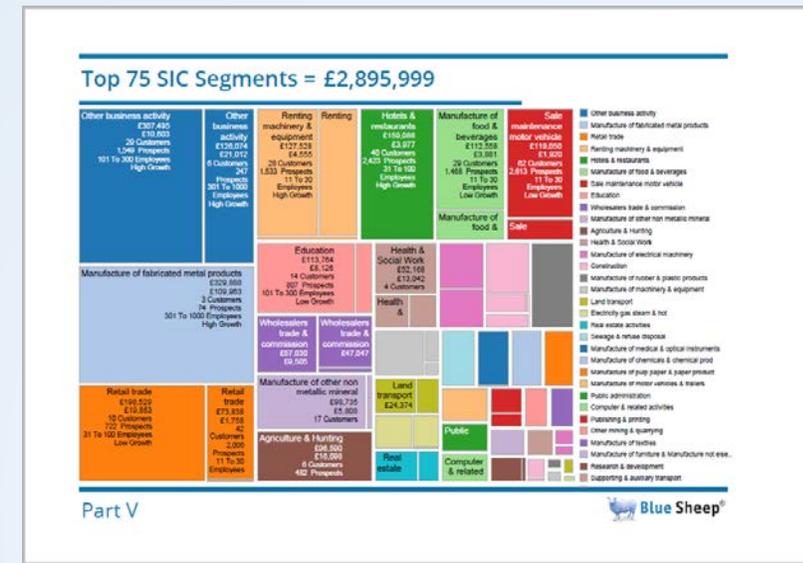
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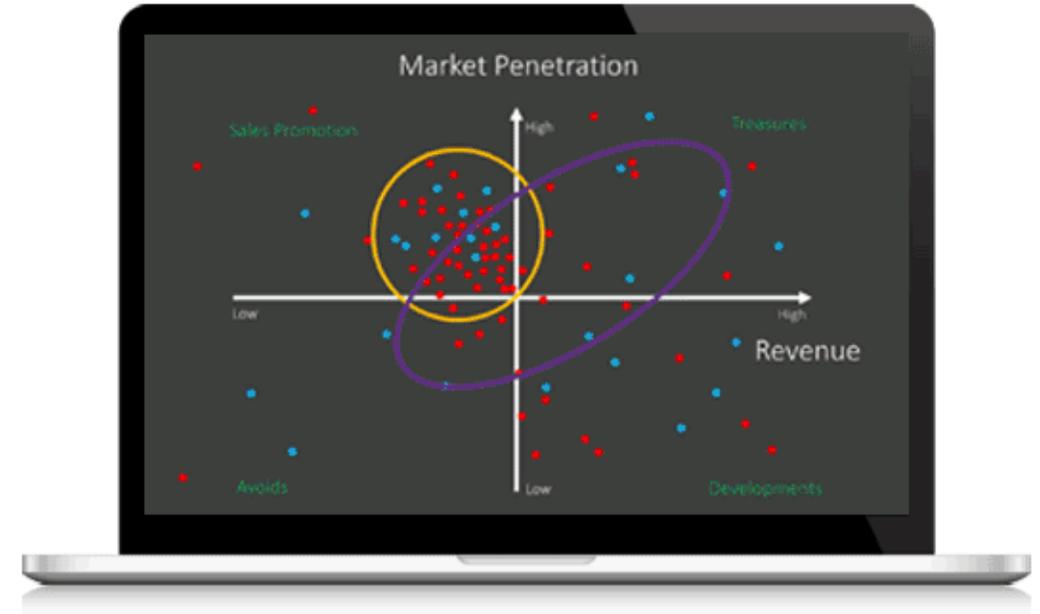
Money Mapping Insights

Market Share

By matching back to a large enough data pool with a high match rate you'll be able to work out how much of the market you have as customers already.
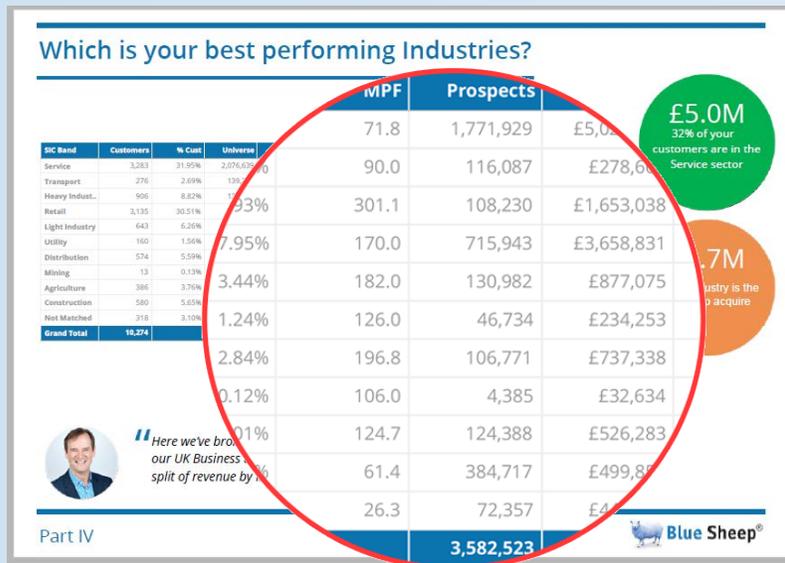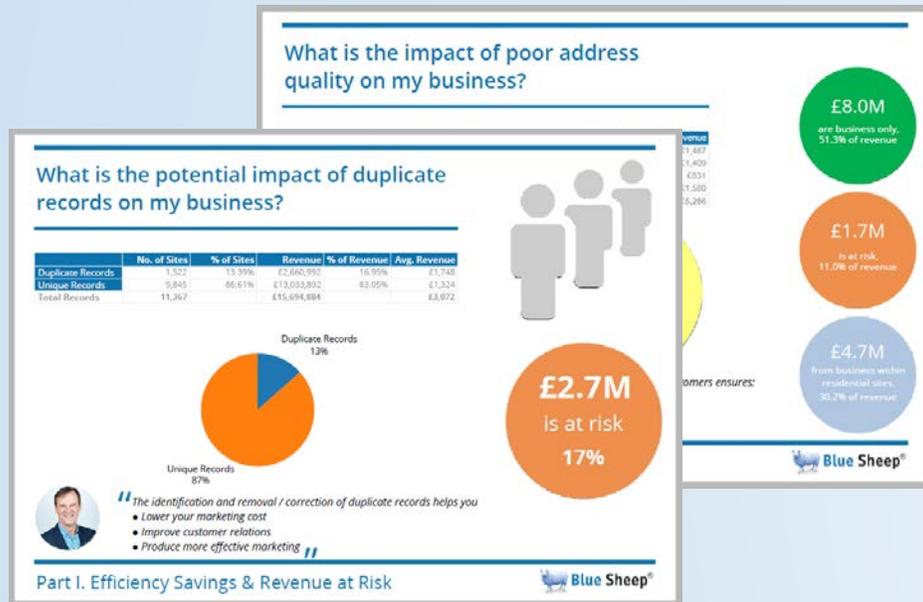

Size of Market

As well as market share you'll have a count of available prospects that will determine growth strategies and better planning/forecasting.

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Efficiency Savings

By looking at the quality of data matched to your revenue it can help to show how much revenue is potentially at risk due to duplicates or 'goneaways' or incomplete data.

Reduced Wastage

Focus budgets on acquiring new leads from the channels, locations and/or industries proven to spend more and stay longer. These are the VIPs that a) you cannot afford to lose and b) need more of – for less effort!

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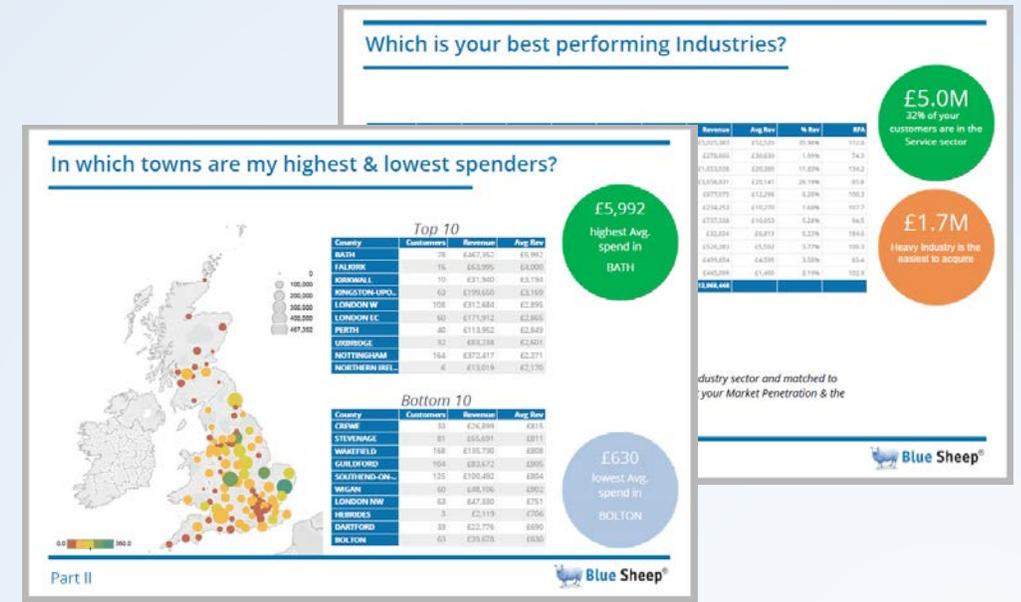
Increased Revenue

Your new-found prospect pool of 'Treasures' could be potentially worth £billions! These demand your budget and attention (as opposed to your avoids, that should go nowhere near your sales team ever again).
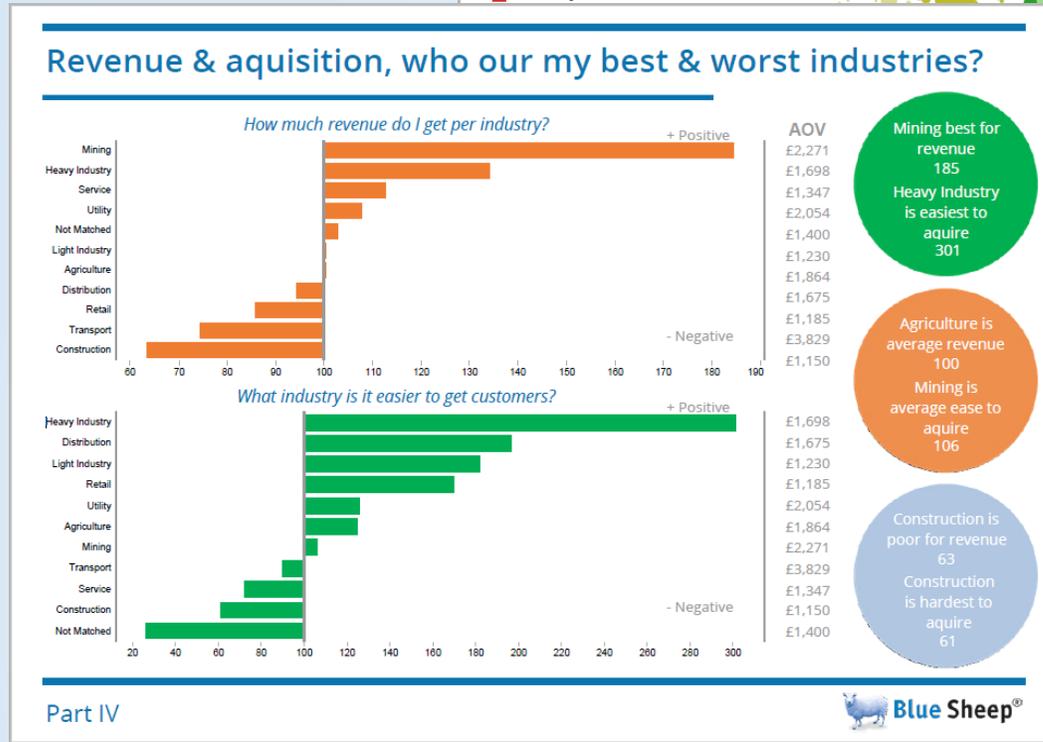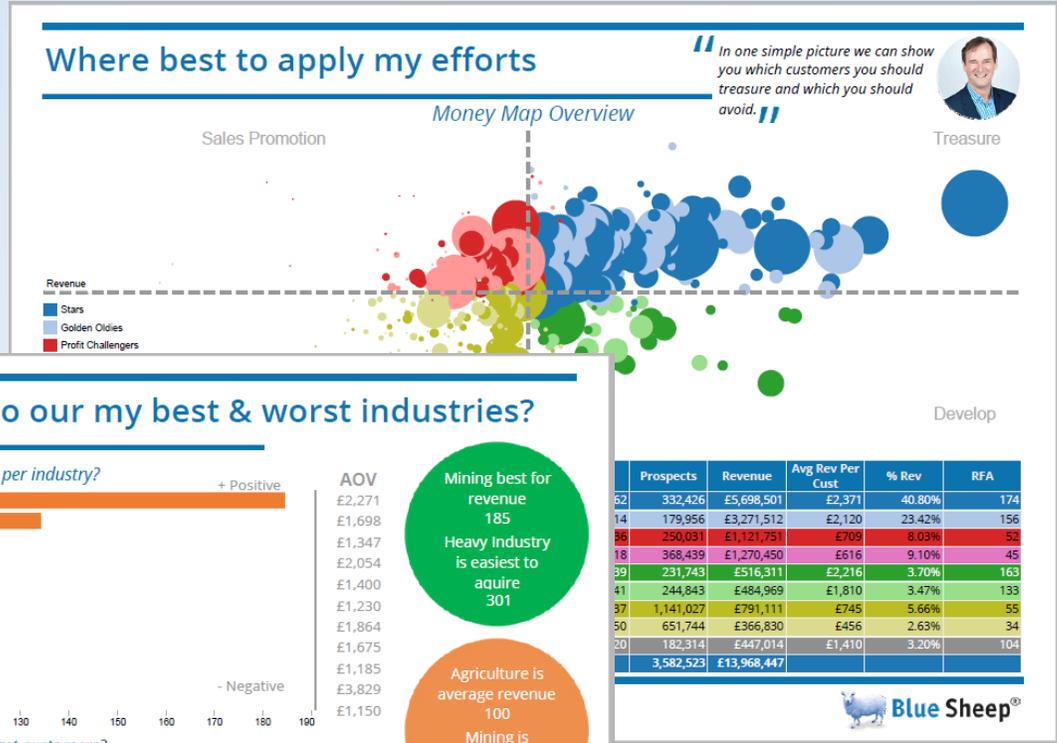
Conclusion

No marketer wants to create and launch marketing campaigns that fail, any more than salespeople want to waste time nurturing a lead that has little or no intention to buy.

With more intelligent decisions, powered by customer insight, your business can meet its primary objectives of increased sales and more efficient operations. In fact, it will likely reveal that you could be making much more money from far fewer customers – and who doesn't want to make more from less?

The realisation that many customers have a disproportionally high cost to serve, and that a minority of VIPs bring in the most revenue, often means a

transformation of marketing strategy. But it's a change for the better: more precise, more effective and more profitable campaigns, with higher ROI and better rewards.

Customer insight also gives the confidence to move resources away from the wasteful 'tyre kickers' and pump them back into the customers and prospects who really deserve the lion's share of your attention. It's not that you shouldn't believe that the "customer is king", more that you need to identify who actually deserves their crown first.

And finally, don't forget the critical step to get your data cleansed first. It's dull, but crucial!
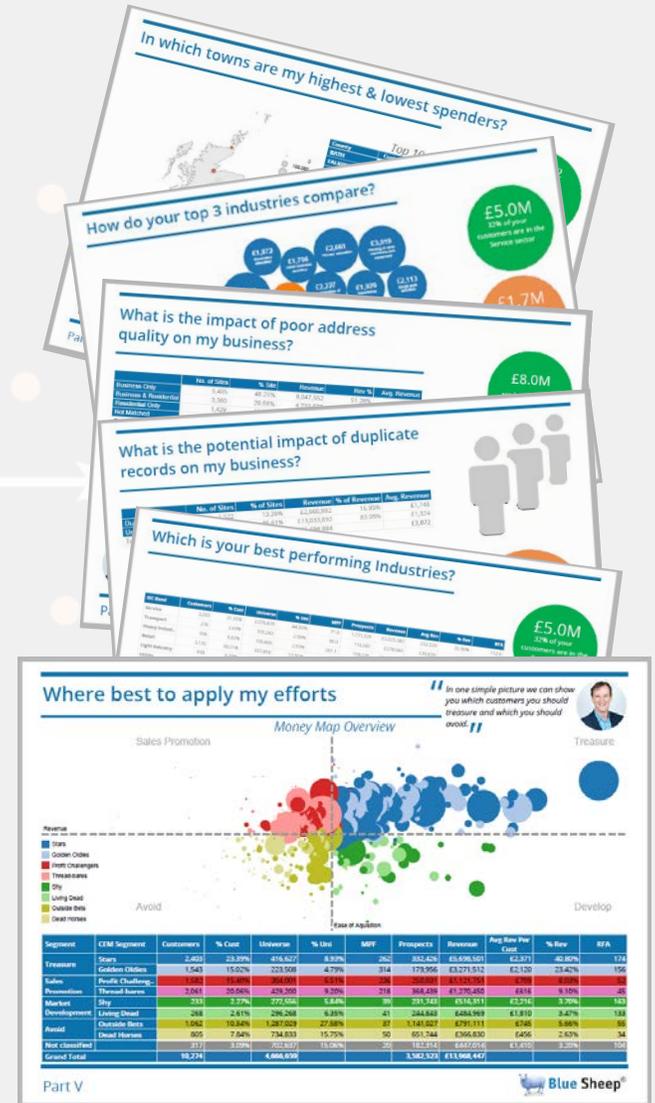
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Get Your Free Money Map Trial!

Sign up for a no-commitment, proof of concept trial and within 48 hours of receiving your data we'll provide a sample showing you a wealth of insights about your customers and prospects.

We'll arrange the secure transfer of your customer data and then provide you with access to one of our consultants to discuss the findings with you.

Sign up now

Visit the **Blue Sheep Money Map page** above or phone **01242 545 340** now.

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What next?

✉

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⊙➤

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