

Predictive Marketing Lists: A New Tool for Better Results

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The Challenge

Lead generation has evolved in recent years from print ads to online ads and direct mail to email. But one fundamental challenge has remained the same: the audiences assembled by publishers and list compilers contain too many unqualified prospects to justify more than minimal investment in any one name. In fact, reaching your core audience through media and direct advertising has gotten even harder because people receive so many more messages and are getting better at blocking them out.

“Inbound marketing” is often offered as an alternative approach. The idea is to create such great content that prospects will come to you to get it, rather than you trying to reach them. But the not-so-secret catch is that success requires a lot of content: for example, marketing automation vendor HubSpot, which pretty much invented the term “inbound marketing”, made 3,000 blog posts in 2014 – nearly ten posts every day – in 2014 to support its own version of the strategy. Few companies can make that sort of investment. And even HubSpot makes extensive use of lead sources beyond inbound to meet its business targets.

In short, finding enough good leads is now harder than ever. Marketers need to look beyond the obvious to find new answers.

The Opportunity

One approach is to revisit old techniques that new conditions have made more effective. Prospect lists are a great example: public Web sites and social media now provide information that can make such lists vastly more accurate, detailed, and timely. The lists can be further enhanced using predictive techniques to identify best prospects for a particular product. This is especially helpful for business marketers, who can use company-level data without the privacy concerns associated with information about individuals.

Targeting in business lists was previously limited to very broad categories such as industry code, revenue range, and years in business. Predictive lists can include much more precise details about company products, target customers, business model, and trading partners. This lets marketers do a vastly better job of identifying firms which are likely buyers for their products. Other data can find signals that indicate when a company might be actively considering a purchase. Still other sources can find specific individuals to call and can track their behaviors to assess their current level of interest. Improved data helps to prioritize contacts for lead scoring and nurture programs.

Predictive lists help email and direct mail by reducing waste and letting marketers send messages tailored to different segments. They uncover pockets of potential buyers

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within groups that are too unresponsive to contact as a whole. Predictive methods also find individual companies that were incorrectly classified using older techniques.

But the real value of better lists lies beyond better mailing results. In particular, they make telephone cold calling a practical option.

Cold calls have long been a tantalizing opportunity. Speaking with a company is by far the best way to understand its situation. But cold calls are also painfully expensive and frustrating when most contacts turn out to be irrelevant. Good sales people avoid it altogether or delegate it to junior associates, who may cost less but are also less effective at gathering the right information and starting a productive relationship.

Finely targeted lists change the entire equation. Better data lets sales people prioritize their calls to ensure they are calling appropriate prospects. As a result, the sales people invest more time and find greater success. The total number of identified opportunities increases dramatically, leading to more and better relationships while reducing the pressure on marketing to generate leads from other sources. An accurate list of all companies that are likely buyers at the current moment gives everyone an objective basis for assessing market coverage, uncovering new opportunities, and measuring performance.

Accuracy

Better targeting isn't the only advantage of predictive marketing lists. Business lists have traditionally been compiled from a variety of sources of widely varying reliability. Many firms found commercial lists so marginally useful that they didn't use them at all, relying instead of data captured within their own marketing automation and CRM systems. But those systems can themselves provide huge volumes of poor data.

In the case of marketing automation, many prospects purposely provide incomplete or incorrect information because they don't want to be contacted at the vendor's convenience. CRM data usually starts out accurate because it's entered by salespeople. But old records are rarely updated or discarded, making them increasingly outdated over time. CRM systems are also notorious for containing undiscovered duplicates. These don't bother salespeople, who easily recognize duplicates and ignore them. But computer systems will treat all records as valid unless told otherwise, resulting in duplicate messages that waste money and lower the average response rate. Duplicates also create a fragmented history for individuals and companies, often obscuring important patterns in the data.

Modern list-building methods avoid accuracy problems because they continuously refresh lists with current data, effortlessly tracking changes in company information. They prevent duplicates by providing a reliable list of known companies to match against, making it easier to recognize when different-looking records actually refer to the same entity. These benefits create cleaner data throughout all the company's systems, improving marketing and sales operations at every step of the buying process.

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The Obstacles

Of course, just having a better list doesn't solve all your prospecting problems. Other factors must also align to convert the potential into a real solution. These include:

- **Brand awareness.** In an ideal world, prospects will be familiar with your company before you call them. This will make them much more receptive to the introductory call itself. Brand marketing itself has changed as digital media supplant traditional channels, making it less expensive – although not necessarily any easier – to gain awareness for a company and its products. This is especially true in B2B markets where people usually get their information from a small number of easily identified information sources.
- **Inbound marketing.** Good marketing content supports both brand awareness and direct sales efforts. An effective inbound program will gain attention for the brand and position it appropriately. It will generate some leads on its own, educate the market and provide materials that can be used to nurture leads from all sources. These materials will also give sales people resources to offer prospects during initial phone calls and subsequent conversations, building the relationship and clarifying the prospects' areas of interest. Don't forget that your company's Web site is itself a critical part of its inbound marketing strategy.

Case Study: Cambridge Mercantile Group

It's self-evident that higher quality lists will perform better than lower quality lists. The real question is, How much better? Results will vary, of course, but one test by Cambridge Mercantile Group shows the improvement can be quite large indeed.

Background

Cambridge FX, a global specialist in foreign exchange, uses telemarketing to generate leads. The lead gen team of 17 arranges appointments for the trading team.

Problem

Before the team had access to Growth Intelligence, traditional credit bureau data was used to source leads. Only 30% of those prospects had a need for FX. Cambridge FX sought to improve the conversion rates from calls to appointments.

Solution

Cambridge FX decided to use Growth Intelligence to prioritise outbound calls. Growth Intelligence software recommended companies for the team to call. The system provided contextual information needed to have a meaningful conversation and find the best solution.

Results

Results have been impressive. Ninety-seven percent of leads they call now have a need for FX. Cambridge FX have seen a 280% increase in conversion rates from calls to appointments booked. Companies suggested by Growth Intelligence were at the right stage for an approach. Growth Intelligence provided contextual information so the lead generation team knew more about the prospects' trade activity. Cambridge FX is now generating 16X the cost of Growth Intelligence in revenue.

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- **Individual-level data.** Identifying businesses that are likely to buy your product is an essential first step. But it's still ultimately true that buying decisions are made by people. So your company will need ways to identify and reach key individuals within your target accounts, to track their behaviors, and to manage the on-going relationship. Skilled sales people are often able to find the right people based on phone conversations but it's helpful to supplement their efforts with external lists that might reach other decision-makers or influencers. You'll need separate tools to track behaviors after the initial engagement. These behaviors can give sales people time-critical, deal-saving alerts for when to reach out during a buying process.
- **Measurement and other processes.** It's a truism that any change to how your company does business will depend more on getting the people and processes right than on the technology. Taking advantage of better prospect lists is no different. Salespeople need to be trained to make the phone calls correctly and to do appropriate follow up. Beyond that, measurement processes must be in place to track results. This gives salespeople have firm proof of how well the new lists are doing and lets you refine your selections over time to focus on the most productive segments.

Taking Advantage

Let's assume you're convinced that predictive lists are worth a try. Here's how to get started.

- **Select your test lists.** Many vendors offer prospect lists. You might not be able to test them all but should certainly test several. Explore the types of data the vendor uses as inputs, looking for multiple sources beyond the traditional directory listings. Data based on Web site and social media analysis can be especially useful for getting at hidden company details. Find a vendor that maintains its own master database of companies rather than building a new list for each client: this matters because building a master list creates a trail of historical data that can be used to identify trends and significant events, while an on-demand search lacks that perspective. Be sure to see samples of the data the vendor will provide so you understand the types of information you'll be getting and the formats you'll need to process.
- **Build a prospect profile.** Unless you're a new company, you'll probably look at your existing customers to decide what sorts of companies you want to target. The process is to send your customer file to the list vendor, who will match it against their master file to find out the customers' characteristics. The list vendor will then recommend other companies that look similar.
- **One important output of this initial process is a report on how many of your existing customers the vendor could find within its own list.** This gives you an idea of how

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comprehensive the vendor's data is and how well its matching systems work. Also compare the data the vendor attaches to your customers with what you know to be actually true about those companies. Do the same for companies that the vendor lists as highly promising prospects – chances are, your sales people will know at least a few of those firms and have a good idea whether the vendor's ratings make sense. Finally, look at the size of the prospect universe the company comes up with: this is important for understanding how many new opportunities the vendor is likely to uncover.

- Run a test. Getting valid results from a test takes careful preparation. You'll need to work out appropriate telephone scripts, set policies for how many calls you make to each name, and prepare suitable marketing materials and follow-up programs. You'll also need to distribute the test names from each source evenly, so results are not distorted by different people working different lists. You'll need to be sure your systems capture the results accurately and in enough detail to support proper analysis – for example, knowing how many tries it took to reach each company. You'll also need to track results past the initial contact to final sales, since that's what will matter in the end.
- Run a backtest. It's not always necessary to put lead lists into live marketing or sales environments to test them out. Some vendors can show you what would have happened last year if you had worked from their lead lists: withhold 20% of your outcomes (both positive and negative) from last year and ask the vendor to guess what the results would have been if you had contacted these companies. Their answers will give you a good picture of the number of wasted calls you can expect to reduce by using this vendor. But remember, if they recommend you should not have contacted a company that subsequently became a client that represents a potentially lost sale. The difference between savings on wasted calls and losses on missed sales is the key to understanding the net value the vendor would have provided.
- Select, deploy, and refine. Your initial test should answer three questions: which list source is the best, what is the trajectory of improvement, and are the results profitable enough to continue? Assuming positive results, you'll need to roll out the program by buying larger lists, training more sales people, and continuing to monitor performance. You'll also want to refine your scripts and other marketing programs over time. Also keep testing alternate list vendors, since quality can change over time as vendors improve their own processes and add new sources of data.

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Summary

Business marketers face new challenges every day. But they also have new tools to meet those challenges, including predictive marketing lists. Today's highly targeted lists can identify high potential customers accurately enough to make cold-calling cost-effective. Taking advantage of this opportunity requires careful testing of list vendors and careful implementation of new sales methods. But the result can be more leads generating more sales at a lower cost. That's well worth the effort.

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About Raab Associates Inc.

Raab Associates Inc. is a consultancy specializing in marketing technology and analytics. Typical engagements include marketing architecture planning, business needs assessment, technology audits, vendor selection, results analysis, and dashboard development. The company also consults with industry vendors on products and marketing strategy

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