



ASSESSING ACCOUNT BASED MARKETING

ANALYST

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THE BOTTOM LINE

Account based marketing (ABM) recognizes that for business to business (B2B) companies, the activities of individual leads infrequently represent an entire company's propensity to buy.

ABM provides marketing and sales with the tools and analytic capabilities they need to more effectively target at the account level than with marketing automation or customer relationship management (CRM) alone. By talking with current Engagio customers, Nucleus found that ABM also mitigates costs associated with targeting at the account level and improves business outcomes like conversion rates, close rates, opportunity size and average sale price (ASP). However, Nucleus expects that ABM is unlikely to gain traction outside of the B2B, large enterprise space.

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OVERVIEW

ABM has become one of the top buzz words in the marketing space, and vendors want to make sure they are part of the conversation. Over the past two years, new ABM vendors like Engagio have popped up, vendors like Salesfusion have added ABM functionality, and others like Marketo have rebranded and expanded upon pre-existing ABM capabilities to meet customer demands. Most companies that implement an ABM strategy are large, B2B enterprises, because for them, the individual is very infrequently the buyer. For example, a conventional marketing lead might come from an individual filling out a form to request information. However, for companies targeting enterprises, most of the individuals filling out forms are not primary decision makers, and are not indicative of the interests of their employer. Instead of considering the individuals filling out forms as the leads, ABM takes a

more high-level, holistic view and uses the actions of individuals as mere indicators. One or two individuals filling out forms at a given company might not mean anything, but if dozens of individuals start interacting with the brand, that may indicate interest coming from a higher level. That entire company would then be treated as an account lead in an ABM system. ABM also enables marketing and sales teams to engage with key individuals at that target account with e-mail, social, Web, and mobile messaging.

THE SURVEY

Nucleus conducted interviews with current Engagio customers to determine the value of ABM. Most customers integrated Engagio with marketing automation and CRM solutions. ABM is not designed to replace marketing automation or CRM, but rather to complement them. Nucleus found ABM enabled them to develop more targeted, effective marketing campaigns at an account level than using marketing automation or CRM alone. In theory, one might be able to leverage marketing automation and CRM to target at an account level, but customers say ABM enables them to do so much more effectively and efficiently.

Once customer said, *"You could use marketing automation to do what ABM does, but you'd find yourself piecing together information from several systems and doing a lot of manual work. Even if you pulled all the data from individual leads and rolled them into accounts, you would be missing the anonymous account-level data."* According to the customers with whom Nucleus spoke, the most significant benefits of ABM include:

- Improved opportunity qualification. One customer said, *"For us, the challenge with marketing is that none of the systems measure value at an account level."* For B2B, enterprise-level companies that typically sell to an elite group of decision makers, looking at the activities of individual leads in CRM is not enough. When ABM is integrated with CRM, however, both known and unknown CRM customer data can be linked to an ABM account. This aggregated view of the activity of individual leads within accounts gives marketers and salespeople a better understanding of the overall activity of those accounts over time, enabling them to better measure and qualify the sales opportunity. ABM also equips them with the tools to develop a personalized, targeted marketing campaign.
- Improved employee effectiveness. While ABM does not necessarily increase the productivity of marketers and salespeople by taking work off their plate, it makes them more effective. With ABM, employees can re-allocate the time they once spent doing the manual tasks necessary to target accounts to more

strategic initiatives. One customer said, *"If we tried to measure how successfully we were engaging accounts prior to implementing ABM, we would have to do an unreasonable amount of manual work."* By reducing the amount of manual that would be necessary to accomplish the same business outcomes they do now with ABM, ABM also mitigates costs. Customers say if they did not have ABM, they would need to hire between one and five additional full time employees to achieve the same results they do now.

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- Improved business outcomes. Customers say ABM improved the quality of their pipelines and increased conversion rates, close rates, opportunity size, and ASP. One hundred percent of customers say they have experienced even greater ROI from their marketing automation and CRM solutions now that they have paired them with ABM, as they can put CRM data and marketing automation's campaign building capabilities to use at an account level. In another study, Nucleus found that "edge applications" – those that work alongside CRM software – deliver 4.2 times the return on investment (ROI) of core CRM implementations (Nucleus Research, *q1o3 – Edge CRM delivers 4.2 times more ROI*, June 2016). Nucleus thinks ABM has the potential to improve ROI in a similar fashion.

ABM'S LIMITATIONS

After talking to Engagio customers, Nucleus recommends ABM to large, B2B companies aiming to take a less transactional, more effective approach to marketing. Small to medium sized businesses (SMB) and business to consumer (B2C) companies are less likely to benefit from ABM, however, as they are often more focused on building one-to-one relationships with the individual. Businesses without sophisticated marketing departments may fail to maximize the potential of ABM, as a certain degree of technical acumen and an understanding of marketing analytics are required to maximize its potential. ABM targets a specific niche, and while vendors are still scrambling to meet demand for ABM, Nucleus predicts that by 2018 vendors will shift their focus back onto other functional capabilities.