

MARKETING PORTFOLIO

Account-based Marketing
Business Case

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BACKGROUND

In Q3 2020, Councilman-Hunsaker embarked on an ABM pilot program to market HydroApps, its B2B SaaS product. This case study outlines the business use case which was delivered to leadership championing an ABM strategy and enlisting executive sponsorship prior to kicking off a 90-day strategic planning period.

ACCOUNT-BASED MARKETING

Account-Based Marketing (ABM) is a fast-growing, innovative strategy helping organizations reach their B2B marketing and sales goals. ABM allows companies to scale their B2B marketing efforts while closely aligning them to actual sales.

ABM utilizes personalized, highly-targeted marketing to a specific company or a group of companies, with a dedicated marketer or lead development rep (LDR) working hand in hand with the sales team to target the right people at the company in order to close the sale. Sales and marketing share the same group of accounts.

ABM focuses on the best opportunities, supports the sales reality, delivers a customer-centric experience, and connects marketing activities to revenue. It is driven by objectives and is a continuum of a scaled and strategic approach.

ABM centers on a highly personalized, target methodology and approach to align both sales and marketing's goals and objectives in order to better meet business objectives and close more business. ABM allows marketing to be more proactive and reduces conflict between sales and marketing.

WHY ABM?

ABM overwhelmingly outperforms traditional methods, and benefits increase over time. With a dedicated ABM methodology, the average contract value (ACV) also significantly increases.

Pre-ABM, companies experienced extreme difficulty in alignment: marketing is lead-centric while sales is account-centric. With ABM, companies are able to focus on how campaigns influence and impact revenue.

ABM is highly customized marketing to single accounts. It allows for a stronger alignment with sales to deliver better execution and revenue outcomes to a defined universe of accounts. It's important to recognize that ABM is not just a single campaign, but rather an integrated strategy.

Developing an ABM strategy involves both digital and analog activities that integrate into every stage of the marketing funnel. A successful ABM strategy provides key gains. Marketing to accounts rather than individuals provides:

- Collaboration vs. Conflict
- Quality vs. Quantity
- Efficiency vs. Wastefulness
- Proactive vs. Reactive
- Intelligence vs. Leads.

AT A GLANCE

- **90% of B2B organizations** have adopted an ABM strategy as of 2024.
- **94% of marketers** rate ABM as extremely or very important to their business objectives.
- **81% of marketers** say ABM delivers a higher return on investment than other marketing initiatives.
- **84% of companies** feel their ABM efforts have been very or extremely successful over the past 12 months.
- **90% of companies** expect to increase their investment in ABM over the next 12 months.
- **75% of B2B marketers** say that ABM helps them find and engage with the right buyers earlier in the buying process.
- On average, **companies attribute 77%** of their revenue growth to their ABM programs.

MEASURING SUCCESS

- Average Contract Value (ACV)
- Funnel Velocity
- Sales Conversion Rates
- Content Engagement Length
- Opportunity Maximization
- Pipeline Influence
- Retention and Upsell

"Marketing doesn't shut off once the lead is in sales' hands."

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An average of 6.8 people are involved in the B2B buying process, and with deals over \$100k, it requires an average of 19 meetings with 14 different people.

ABM VS. TRADITIONAL MARKETING

Traditional marketing relies on “spray and pray” initiatives that blanket the total addressable market (and sometimes more) with brand awareness in the hopes of attracting leads to a website or landing page to offer up a hand raise. The problem is that B2B buyers are nearly 70% of the way through the buyer’s journey before ever contacting a company and engaging their sales reps. 84% of B2B buyers also say that the first vendor they contacted ultimately won their business.

ABM flips the traditional marketing funnel on its head. Rather than a focus on finding or attracting leads to engage with until they are ready to be converted into MQLs, ABM focuses on identifying the right accounts at the right time, offering targeted, hyper-personalized messaging, and providing opportunities for sales to create and build relationships.

ABM utilizes Target Account Lists (TAL), which are “named account lists” derived from the Target Market. The TAL includes companies that are most likely to buy from us, due to characteristics that set them up for success that are shared by our most successful customers.



Target Accounts

Target accounts are selected by taking the Total Addressable Market (TAM) and applying the Ideal Customer Profile (ICP) to create a list of accounts, the Target Market, that are the focal points of ABM efforts. The TAL is then selected from the Target Market. Sales should be involved from the beginning - deciding on the target list and segments to identifying the messages and offers included in the campaigns. When selecting accounts for the TAL, it’s important to consider factors that might affect the selection of accounts that reflect the overall business goals of the company, such as marketplace perceptions, revenue goals, and strategic initiatives.

Focusing on a target account list will require a different look and approach to evaluation and measurement, targeting and segmentation, audience, customer lifecycle, marketing mix, and budget. TAL creation and updates should begin with the ICP as the base and factor in both engagement and intent data. Some accounts may be hand-selected by sales with agreement between both sales and marketing on the final list. TAL updates are an iterative process that should follow an agreed-upon timeline and repeatable, scalable cadence. The process should be documented so that everyone on the ABM leadership team understands the structure and update schedule. The final Target Account List should also be given a name since it will be a unifying force within the company.

The Ideal Customer Profile (ICP)

The Ideal Customer Profile is essentially a description of a company that we believe is the perfect fit for our products and services. It’s a data-driven, look-alike account profile based on factors such as revenue potential, sales cycle, industry, company size, geography, alignment with company objectives, pain points, and alignment with topline strategy.

Additionally, the ICP should weigh whether there have been recent changes in the market that would disqualify them, that they have not already been disqualified by sales, and that they do not frequently possess “dealbreaker” qualities or barriers. Once approved and ratified, the ICP should be documented and periodically reviewed and revised based on an agreed-upon schedule.



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The typical business outcomes ABM aims to effect are:

- Close rates (more deals closed)
- Average contract value (average deal size increases)
- Funnel velocity (sales cycle time is reduced)

“Marketing creates opportunities for salespeople to talk to their customers.”

Methods of ABM



Account targeting and ABM scaling is widely prescribed as a three-tier approach.

- Strategic ABM: One-to-one ABM with a very limited number of accounts. Directly engages strategic target accounts with the highest revenue potential. This tier involves creating and executing highly-customized and personalized programs for individual accounts.
- ABM Lite: One-to-few ABM for high-value accounts grouped into micro-segments. ABM scale style is for accounts that are strategic but don't warrant top-tier investment. This tier involves lighter customization of programs for clusters of accounts with similar needs and issues.
- Programmatic ABM: One-to-many ABM for accounts that are worth some customization and personalization. This style of ABM leverages technology to tailor and personalize broad programs and campaigns.

Utilizing a one-to-one approach, one ABM marketer could own 3-5 accounts for targeting with bespoke marketing. One-to-few ABM marketers typically cover an average of 50 accounts, targeting their accounts with one-to-one meeting requests and in-person or virtual events. One-to-many ABM markets tend to rely on technology and intent data to target an average of 500 accounts.

Scaling ABM Programs

Account-based Marketing is a continuum of a scaled and strategic approach, so a repeatable, scalable strategy is important to the successful implementation of ABM. Scaling can be horizontal (bringing in new teams or services) or vertical (drilling further down into the existing list segments to become even more targeted).

Performance and Measurement

Account-based Marketing program performance emphasizes quality over quantity and focuses on pipeline and revenue, not open rates or click-throughs, and on top-of-funnel leads that ultimately turn into customers.

Intelligence – not leads – is provided by marketing into the deals that sales closes. The result is that funnel metrics focus on conversion rates and “account-centric” metrics, like account engagement and AQLs, rather than “person-centric” MQLs, SALS, SQLs, etc. since marketing is involved throughout the sale to the close. Measuring the target account pipeline helps answer the question “What % of our accounts are we progressing to the next stage?”.

Who was on the website on what days is no longer as important a question as, “What are the next steps?”. This means that MQLs will decrease, but opportunities and pipeline will increase.

Campaign metrics are the leading indicators of ABM success. The key difference to understanding campaign metrics from traditional demand generation metrics is that campaign metrics are viewed through a target account lens.



86% of B2B organizations say ABM improves win rates. 91% of B2B marketers say deal size is larger for ABM accounts with 25% reporting contracts over 50% larger. 80% of B2B organizations say ABM improves the customer lifetime value. And 67% of businesses say they are better at closing deals when sales and marketing are aligned. - B2B ABM Playbook; IAB, Aug 2019

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The reasons behind high ROI with ABM is that budgetary considerations for tradeshows, advertising, social media, technology, etc. are evaluated through an ABM lens. Spend decreases since programs that do not meet mutually-agreed upon criteria for ROI should be eliminated as the focus becomes zero-waste spend.

Investment

ABM marketing programs are designed to maximize exposure to target accounts and are measured based on business objectives. Programs should be reviewed to determine investment based on their ROI to the target account list as the strategy is adjusted from reactive to proactive.

Each marketing program should be designed to maximize exposure to target accounts. If the program doesn't drive revenue, it shouldn't be implemented. Ultimately, all programs should be valuable to the business. Program focus begins at the top of the funnel and programs should be run throughout the buyer's entire journey. This results in corporate efficiency aligned on improving on close rates, average close value, and funnel velocity.

Investment in ABM is an often-cited concern, with 43% of companies citing lack of budget as their biggest challenge for executing early-stage ABM programs. However, for companies that measure ROI with ABM, 65% report a current ROI with ABM of 25% or more, with 33% reporting an ROI of 100% or more. In fact, companies with an ROI of at least 2x or more had an average 61% of their teams involved.* According to research conducted by ITSMA, 87% of marketers said ABM outperformed any other marketing investment.

Spending and investments (time and money) need to be evaluated through an ABM and target account lens. Every activity (tradeshow, publication, etc.) that the company participates in needs to be reviewed to determine investment based on the activity's ROI to the Target Account List. ABM marketing programs are designed to maximize exposure to target accounts and are measured based on business objectives. Therefore, consider the following during planning:

- Advertising – Which publications have the highest concentration of target accounts as part of their readership?
- Digital campaigns – Can websites and landing pages be personalized to the top 15%?
- Events/Tradeshows – What makes an event successful? Can the company sponsor or attend only those events that attract target accounts and will give us a speaking slot?
- Direct mail - Which regions contain the highest concentration of our target accounts?
- Sales enablement – How can we engage customers, expand relationships, and speed the pathway to upsell and renewal?

Conclusion

ABM is about delivering the right content to the right audience at the right time, leveraging data from marketing platforms to inform the strategy, and delivering relevant experiences throughout the buying journey. A goal of ABM is to increase the efficiency of the Lead Development team (aka Sales Development/Business Development) as a means to generate more pipeline for the sales team to work.

Personalization is tied back to business objectives, so spend is zero waste because the focus is no longer advertising to companies outside of the target account list. Webinars, email marketing, and content creation should see no substantive change when ABM is successfully scaled.

For the Marketing team, this is demonstrated as a decrease in the cost per opportunity vs. an increase in pipeline generation. ABM works because higher quality leads are going into the top of the funnel. For the business unit as a whole, success can be measured against business objectives, primarily revenue growth, market share, and spend.

GLOBAL ABM FRAMEWORK

- Account Nominations
- Account Planning, Insight, and Review
- Program Strategy and Messaging
- Content and Communications
- Execution and Syndication
- Measurement

**2020 ABM Market Research Study, DemandBase*



MATT BALL

Marketing Professional

Adaptable, results-oriented marketing professional with over 15 years of business experience and 7+ years in B2B marketing strategy, brand development, and marketing operations management.