

White Paper

Improve Your B2B Marketing through Integrated Customer Profiles

Putting Customers First Guarantees Success and Sales



Close to
your
customers

Introduction

Are you sure your products and services are being offered to the right customers? And do you know who your best customers are? You could benefit significantly from taking a closer look at your B2B marketing.

One sure way to improve your company's B2B marketing is by creating an integrated customer picture, which allows you to put your customers first and meet their needs more effectively. According to Cendris Director Jan Hendrik Fleury,¹ nearly 50% of marketers cite customer centricity as the greatest marketing challenge of our time.

The first requirement for businesses is customer knowledge, which starts with collecting as much customer data as possible. This data – including site visit reports, and contact, billing and order details – is generally stored in multiple systems. The quality of the information recorded also plays a key role – that is to say, how reliable and up-to-date is this customer data, and how are the various types of data ultimately linked together?

Recording data within a company does not only involve data and an effective CRM system – it also involves people. Specific commitments made between immediate colleagues, as well as between departments – all of which use the same data and the same CRM system – help establish a standardised system for recording customer data. In addition to working arrangements, there are also convenient tools available to help improve standardisation.

The main benefit of having access to up-to-date and comprehensive customer data is that it allows you to develop a much more detailed profile of your customers, and these profiles can be used to meet the needs of existing customers even more effectively. The information gleaned can also be used to more effectively identify prospects. Since high-potential prospects are very similar to existing customers in a number of ways, you will find it easy to serve them successfully. Various studies – including by the Harvard Business Review² and SiriusDecisions Research³ – have also shown that maintaining and updating comprehensive customer profiles pays off – and then some. SiriusDecisions Research even cites case studies of businesses that realised a 66% rise in revenue.

This White Paper describes how decision makers can create integrated customer profiles in order to better understand customers and prospects. We explain how you can generate more revenue from both existing and new customers, as well as focusing on effective B2B marketing and analysis methods that help you put your customers first.

1. www.cendris.nl/nieuws/omzet-verhogen-centraal-klantbeeld/
2. Harvard Business Review, Make the Case for Better Quality Data, August 2012
3. SiriusDecisions Research, January 2009

Understanding Customer Needs

Many businesses are looking to create more complete customer profiles in order to learn more about customers' needs when they purchase a product or service. Businesses can use this information to refine their customer contact strategies. Which customers are contacted when, using what method and communicating what message? The upshot is that existing customers receive better service, thereby increasing their loyalty.

Businesses that understand their customers also know more about the market in which they've achieved success, making it easier for them to spot high-potential new business prospects. With your Sales team focusing on these high-potential prospects, you can increase your conversion rates and improve your competitive edge.

Clean Customer Database

An integrated customer profile is based on an up-to-date, comprehensive database. Customer databases include contact details, among other data, and in order to establish whether a database is both up-to-date and comprehensive, businesses can have it checked for duplicate records, outdated address information and incorrect contacts. The purpose of such an exercise is to improve the database based on the UCCU method: this means ensuring it is up-to-date, correct, complete and unique.

More than 10%⁴ of all business data changes annually for a variety of reasons, including bankruptcies, liquidations and corporate relocations. In addition, on an annual basis 30% of all business contacts change jobs,

and these contact details are not always updated.⁵ If these details are kept up-to-date, this will increase your reach as well as enable you to generate more revenue. An added benefit is that the quality of the data makes it easier to adapt special offers and campaigns to the opportunities that business owners and marketers identify in the market, given that marketing efforts become more effective once you reach the right customers. A clean database also helps you extend customer relationships and increase their value, thereby both improving your business's reputation and increasing customer satisfaction.

Enhancing Existing Customer Data

There are various enhancement methods to ensure that customer data is up-to-date and complete. One of the major benefits of data enhancement is that it helps you improve customer insight.

Basic enhancement

The customer data you record in your system can be expanded to include Chamber of Commerce registration numbers, names of decision makers, employee numbers and the industry in which a company operates. In addition, a company may also receive information regarding a group of which one of its customers is a subsidiary.

Available data

However, it gets even more specific than that: the first step of the data enhancement process can be expanded to include data that's available on the market. This might include a company's CRM system,



4. DDMA, National Data Quality Survey 2011

5. Guest lecture held at Beeckestein Business School: *From Data to Dialogue*, John van der Kooij, June 2011

the number of coffee machines in an office building, the size of a company's fleet and the number of floors in an office building. This latter information could be relevant to a lift manufacturer, for example.

Collectible data

This involves customers' purchasing behaviour, which can be tracked and monitored through a study or survey.

The above-mentioned set of enhancement methods for existing customer data allows you to create a basic customer profile, thereby revealing, for example, if a particular customer's company is part of a larger group of companies. This information makes it easier to establish connections at the customer's sister companies.



Case study: We advised an oil company which wanted to learn more about the purchasing behaviour of its fuel-card customers to conduct a survey among customers and prospects, since this type of information was not directly available. The survey resulted in three key conclusions:

- A number of customers purchase fuel cards based on a petrol station's location.
 - Whereas others are more interested in the points they can earn, which they can then redeem to receive free products.
 - The remainder of the respondents in the survey cited the low price and high level of service as the main factors in making their choice.
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Based on the profiles for these segments, the company then set out to find prospects with similar profiles. We were eventually able to use the data collected across the country as a whole. In its communications, the company used targeted messages in order to respond to customer needs. Eventually, they achieved: a 30% higher response rate than in previous campaigns.

Updating Data Is Not Enough

A combination of updating and enhancing the data available is important when it comes to improving customer insight, but there are also other ways of improving your data.

People-Oriented Work

Recording data within a company does not only involve up-to-date data and an effective CRM system – as noted above, it also involves people. Individual departments and employees help to record data by simplifying and accelerating the data entry process, while at the same time reducing the likelihood of data-entry errors. Besides working arrangements, there are also convenient tools available which allow you to better standardise your data. Examples of this include the web service provided by the Chamber of Commerce, the data-entry tool provided by the company Webservices.nl, and the Business Check⁶ and BusinessView⁷ offered by Cendris.

Data Management

Large, complex businesses – for example, those offering multiple brands or operating both an online store and physical shops – are faced with a different set of challenges when it comes to data quality, with the integration process playing a key role. Specifically, these businesses record information and data in separate places in systems which often don't communicate with each other. It is also not uncommon for people working in the same company to be unaware that the same data is recorded in a variety of systems using different methods.

These employees have the option to use a Data Quality Management scan⁸ in order to identify current processes. This scan reveals how an up-to-date and comprehensive customer database is created containing unique details, known in the jargon as "Master Data Management". This is essential in order to obtain a comprehensive customer profile.

Data quality

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6. www.cendris.nl/klantdata-klantenbestand-database/bedrijfscheck-controleren-bedrijfsgegevens/

7. www.cendris.nl/klantdata-klantenbestand-database/businessview/

8. www.cendris.nl/data-management-masterdata/dqm-scan-businesscase-datakwaliteit/

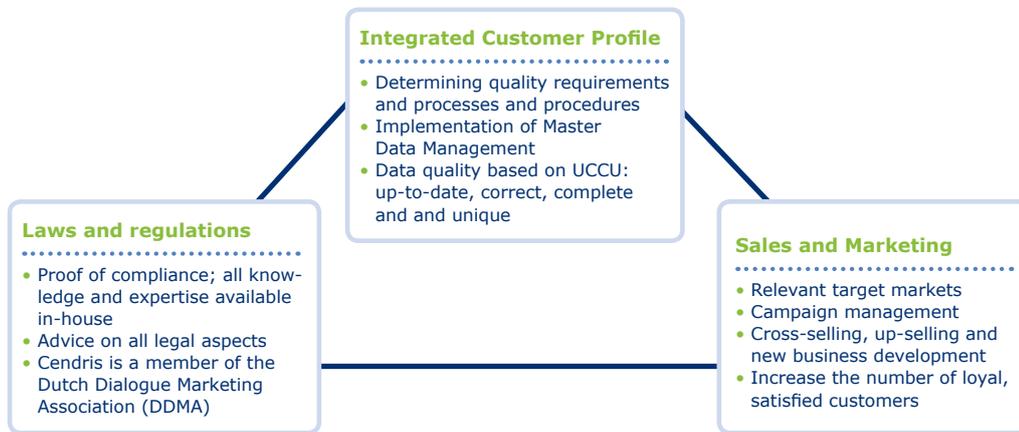
9. www.cendris.nl/nieuws/het-belang-van-crm-voor-marketeers

"Marketers really stand to benefit from good working arrangements⁹ – about integrating soft skills – that is, anything to do with human interaction in the workplace – in the company and from maintaining the database on a regular basis. Doing so is sure to improve customer insight."

Sandor Dorssers,
B2B Marketing Manager at Cendris



Figure 1: Three Fundamentals of Successful Data Management



Whereas data quality is about improving data, data management (see Figure 1) involves the integration of the data recorded in a company. This data is contained in systems, processes and databases, and the process is what's preventing the company from creating an integrated customer profile.

Before we further explain the process of gleaning valuable information from your customer database, we will present a practical step-by-step plan, similar to the process involved in a Data Quality Management scan. This will help us create an integrated customer profile – also known as a 360 Degree Customer Profile.

1. Understand the customer data: if you have a careful and detailed insight into the available data, you can actually measure data contamination. The objectives must be clear in order to improve data quality in the long term.

2. Design the customer profile: once the status of the customer data is clear, you can determine what improvements need to be made. The next step, then, is to describe the process-based solutions that can ensure these improvements. The focus is not just on the data itself, but also on resources, people and processes.

3. Integrate your customer data: integration of existing customer databases provides you with a comprehensive picture and allows businesses to get to work on the data recorded. Three key factors in this process are uniqueness, standardisation and consistency. Work towards meeting the quality requirements and objectives which have been defined based on a revenue increase or cost reduction.

4. Enhance the data: data enhancement improves the quality of your customer database through the addition of data that is not directly related to the master data. Having integrated customer profiles is essential for any company.

Information from Your Customer Database

Once the data has been recorded and optimised, it's up to you to deduce the necessary information from this data. Segmentation is one of the key elements to help you add focus to your B2B marketing. One of the methods used to quickly learn more about specific customer segments is the Customer Marketing Method (CM Method).

For example, sending out catalogues to customers is very expensive, but it is easy to divide this process into segments of large, medium-sized and small customers. This allows companies to adapt their B2B marketing strategies to the various segments. The problem, however, is that many businesses have no idea how to go about this. The CM Method (see Figure 2) can help businesses improve their customer profiles.

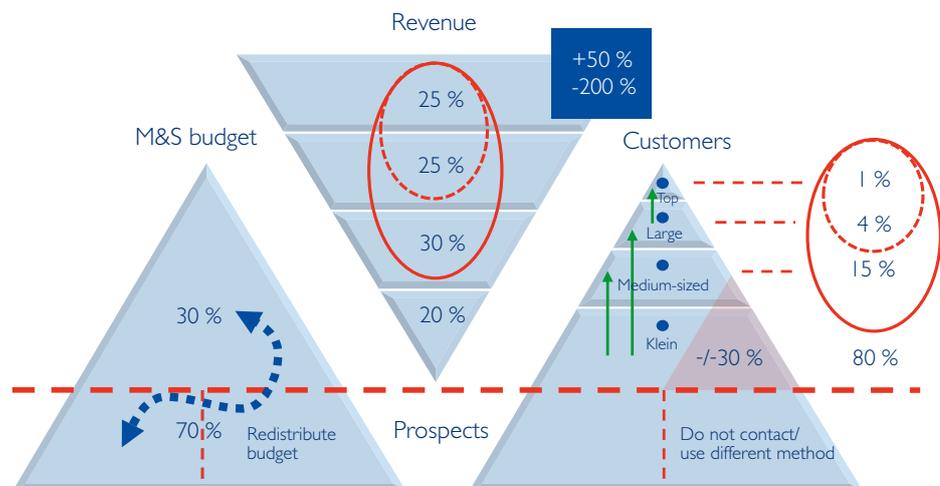
This method is based on the Pareto Principle, which holds that: 20% of customers account for 80% of revenue. The CM Method can be used to take this several steps further:

- 1% of customers generates 25% of revenue.
- The next 4% also accounts for 25% of revenue,
- followed by a group of 15% which generates roughly 30% of revenue.

When applied in a practical situation, this method most likely results in differences in percentages.¹⁰ However, it tends to be very accurate, and the information gleaned from this analysis results in the creation of customer segments, with segmentation being based on a reduction in euros.

It is important for companies to respond to the data collected and their B2B marketing must be adapted to the information obtained.

Figure 2: CM Method developed by Jay Curry, Will Wurtz et al.¹¹



10. Jay Curry/Will Wurtz, MSP Associates 1999: survey conducted among 300 companies under the supervision of the European Union.

11. Source: CM Methodiek 1998 ISBN 90 551 3336 1



This enables businesses to use a more targeted approach based on customer segment. It is naturally also important to adapt the message to the needs of this customer group in order to communicate strategically – this will significantly increase your chances of success.

It is very important that you determine who your top customers are and to build a personal relationship with them. Customers in the medium-sized segment also merit special attention, although for efficiency reasons you may not be able to serve them with the same degree of individual attention.

The 80% of customers that account for 20% of revenue must obviously be kept up-to-date of your services, but you have the option to do this cost-effectively. Consider the example of the product catalogue given above, for example. You should

inform these customers about the most frequently sold items as well as about any special offers. This is arguably just as effective as sending out the complete catalogue – and a lot less expensive.

The CM Method also shows that the businesses of 30% of existing clients operate at a loss. As soon as this information has become available, you will be able to act on it; this means you may need to say goodbye to some customers because you're unable to meet their specific needs.

If we look at the client who sends out catalogues nationwide, we can use these insights directly in order to determine who should receive the complete version of the expensive catalogue. One of the major benefits offered by the CM Method is that it puts the focus back on existing clients, whereas most marketing and sales efforts tend to be aimed at prospects.



"If you have an equal budget for marketing and sales, your revenue will increase substantially."

Jay Curry, Senior Consultant at Jay Curry Associates



Insight into Customer Database – Expansion

The CM Method immediately leads to practical insights – yet still more in-depth knowledge is often required in order to facilitate segmentation and profiling.

The RFM method (“Recency, Frequency, Monetary Value”) is a Customer Value Analysis which can help you assess the value of customers. This marketing analysis tool used to identify a firm’s best customers by measuring certain factors. The RFM model is based on three quantitative factors:

- How recently did the customer make a purchase?
- How often do they make a purchase?
- How much do they spend?

By way of explanation: how do you value a customer who made one major purchase against a customer who returns every month to make smaller purchases? The RFM method provides the tools to make this assessment, creating segments based on customer value in the process.

Another method used is the Product Sales Analysis, which involves compiling a list of products purchased by a specific customer, as well as identifying cross-selling and up-selling opportunities in the current customer portfolio.

Case study: If 80% of a specific customer segment purchase five or more products and 20% purchase fewer than five products, you can try to determine why these customers purchase more or less. This will improve your understanding of their behaviour and can help your Sales team to sell more products to the category of customers that buy only two or three products. This can ultimately have a significant effect on revenue, since no new customers are attracted for this purpose. The relationship is already in place, which makes it easier to discuss other propositions.

The segmentation may be adjusted based on the above-mentioned additional methods; a customer profile can be created based on these segments, thereby laying a solid foundation for a search for high-potential prospects.



Getting More Out of Your Current Customer Base

Be aware not only of your market successes, but also learn what makes your best customers tick, since your loyal customers can help you increase your revenue. Many businesses tend to focus mainly on new business development, but as we all know it is more expensive to attract new customers than to retain current good customers. According to the Customer Win-Back method, the average business has a 60-70% probability of successfully selling to “active” customers, a 20-40% probability of successfully selling to “lost” customers, and a 5-20% probability of making a successful sale to [new] prospects.¹²

Relationship Management

Satisfied current customers can give word-of-mouth endorsement/make referrals and can even serve as ambassadors; loyal customers provide even more benefits. For example, you stand to gain more from your

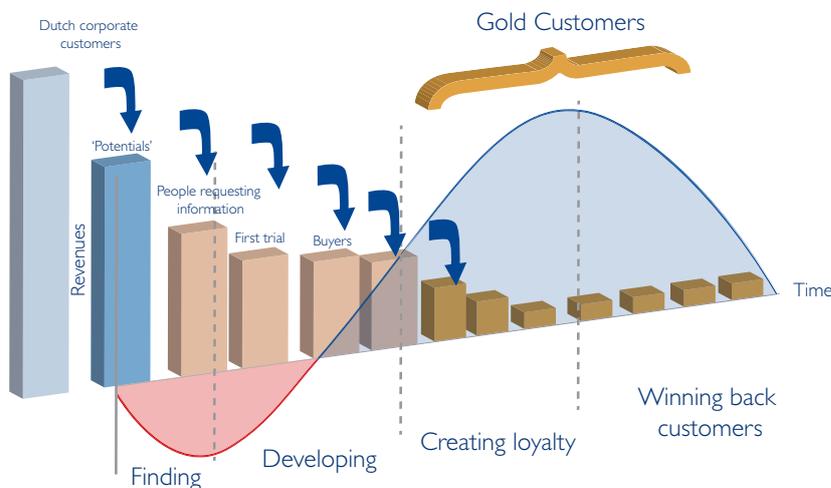
customers the longer the relationship lasts. Besides, regular customers eventually come to regard price as relatively less important than other aspects such as service, a personal relationship, and knowledge of each other’s business.

You can divide your customers into segments using a Product Sales Analysis. What customers are buying what products? How much revenue do they generate? You can determine your B2B marketing strategy based on these results. If you follow the example above, you’ll be able to get more out of your current customer base. You can offer services and products strategically – services and products which your customers are not actually purchasing yet but for which you have identified a demand.

The main thing is to express in your communications with current customers that



Figure 3: Customer Trend Analysis



12. www.theopensourcery.com/keepopen/2009/required-book-reading-in-redmond-customer-winback/



they are valued and understood, thereby increasing the likelihood of this group accepting your offer. The more products or services your customer purchases, the more income you generate.

What do your best customers respond to?

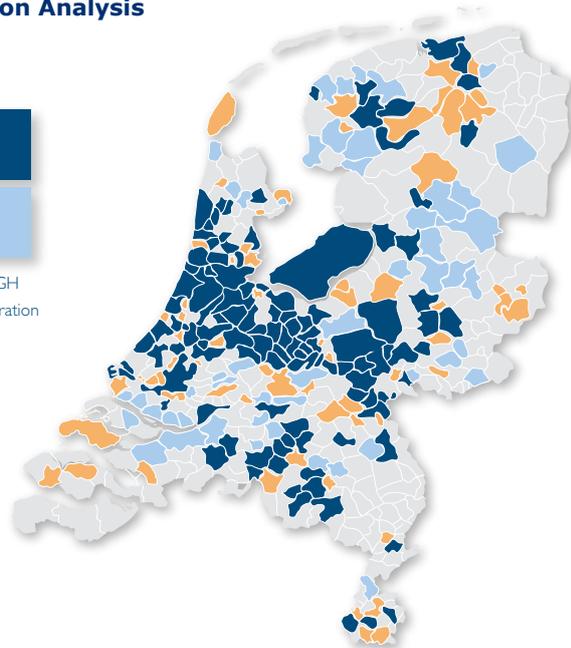
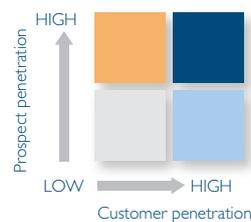
Based on additional analyses, it is possible to predict what customers will be leaving soon or will generate a loss (see Figure 3). This enables you to cut costs for customer groups that show lower potential. The Customer Pyramid allows you to determine who are your most profitable and loyal customers and Customer Feedback Surveys help you determine why these customers respond so well to your marketing campaigns. Businesses that know and serve their customers well are therefore, essentially, very familiar with the market.

New business: looking for similar prospects

A Market Penetration Analysis tells you exactly in what industries a company is well represented, the number of companies with which your business has already made contact, and companies for which this is not yet the case. It effectively provides you with a list of profiles for your own customer groups as opposed to prospects in the remainder of the Dutch business community (see Figure 4).

Nine out of ten times, these businesses show a higher response rate to B2B marketing than a randomly selected company. Businesses do not have to search far for this information, as it is sourced from their own customer database. As before, there are online tools available which support this process and which allow companies

Figure 4: Market Penetration Analysis



to easily determine market potential and customer profiles themselves.

Another option is to purchase the reference files and use these to identify and contact your potential customers.

The Market Penetration Analysis therefore answers questions such as:

- How many companies do we currently serve in a specific segment?
- How many companies share the same DNA as our customers?
- Where are these companies located?

Now that your customer profiles have been established and your high-potential prospects have been identified and located based on this information, you can launch your new business marketing campaign. You can now apply your current knowledge of marketing campaigns that have proved successful with your current customers to your new prospects. Since you're using your customer knowledge, you will increase your success, which translates into higher conversion rates. This, in turn, improves your focus and increases your revenue.

Increased Sales

The above-mentioned process can be adjusted at any time. Based on response rates and conversion rates from your new business marketing campaigns – which, having read this paper, you will obviously make sure to standardise – you can then further refine your follow-up campaigns. The number of companies you contact will shrink, while the less relevant prospects will be eliminated. This will reduce costs while conversion rates for each prospect you contact will further increase. If you do not have the resources available to carry out this campaign yourself, you can consider outsourcing it to companies specialising in campaign management.

In your marketing efforts, you are expected to comply with current laws and regulations. Customers decide themselves these days what type of communication they would like to receive through what channel. Please consult the website of the Dutch Dialogue Marketing Association, DDMA,¹³ for the relevant regulations, or ask your adviser.



"By focusing on prospects most likely to score¹⁴, achieving better results becomes very easy."

Olaf van der Wijngaard,
Sales Consultant at Cendris



13. www.ddma.nl

14. www.cendris.nl/nieuws/b2b-marketeer-bewerk-de-markt-zoals-het-heurt/

Conclusion

In putting the customer first, the following aspects must be considered:

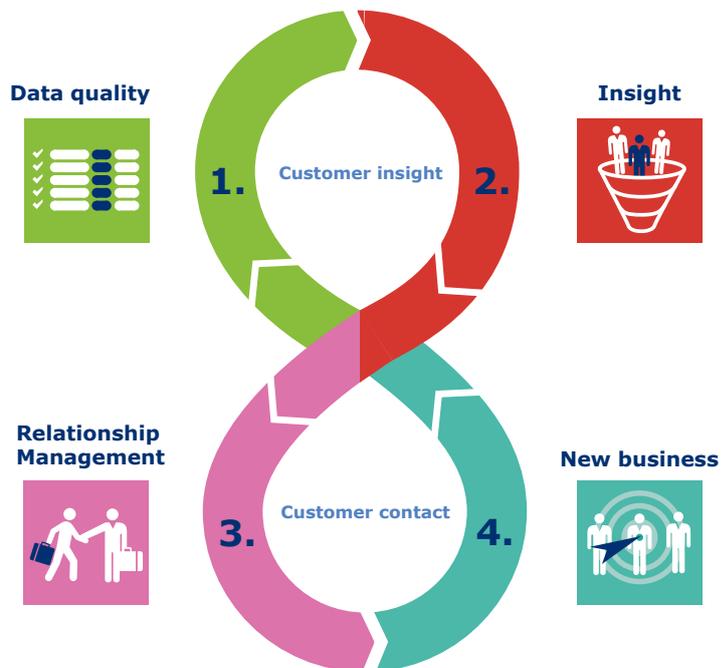
- Creating an integrated customer profile depends strongly on previously recorded customer data. Data can be supplemented and corrected in order to create an up-to-date and comprehensive customer database. If customers have any specific information needs, they can purchase or collect this information themselves.
- Another key process is the process of recording data. If data is recorded in various divisions of the company, this data should be integrated.
- In addition, it is important to gather as much information from this customer data as possible and to use this to re-

fine your marketing strategy – this helps you improve your focus.

- The more businesses know more about their customers, the better they're able to meet their needs and are therefore truly able to put their interests first (i.e. customer centricity). In addition, it also improves their understanding of the market, making new business marketing significantly more effective.

The loop is closed if this becomes an ongoing process: you will constantly learn more about the specific needs of customers and prospects, allowing you to make your marketing strategy increasingly more targeted, relevant and effective.

Closed loop: effective B2B marketing



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Additional information

Please feel free to contact us for further information about effective B2B marketing.

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About Cendris

Cendris helps you communicate to achieve better results. We will work closely with you to bring you closer to your customers, by making sure you get to know both customers and prospects even better and involve them more actively in your product, service, brand or business. Based on razor-sharp analyses, we will turn your challenges into direct, effective solutions in order to facilitate result-oriented communications, ranging from data delivery and management to comprehensive customer contact strategies and from crystal-clear communication information to full campaign management. Our experience, expertise and partner network provide a solid basis, and more than 80% of the top 500 Dutch companies have trusted our services for many years. As a division of PostNL, we are aware of our public responsibility in areas such as privacy protection.