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Marketing Analytics in B to B Branding

Where Do You Sit On The B2B Branding Ladder?

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Why Business To Business Branding?

The B2B market in India which stood at a meagre $48.8million in 2011 has now crossed the $1billion mark and has become a massive industry. The reason why Pepsi and Coke enjoy a premium in the market is that they have convinced people that their phosphoric acid, H2O or colorings that go into that bottle of black liquid are better than any other player in the market.

In the SaaS industry, the early adopters of Marketing Analytics model have seen a 20-30% increase in their revenue and acquisition efficiencies and lower churn rates (8.5% as compared to the average 12.5%)

**Source: McKinsey’s SaaS benchmark database**

**Boeing**, implemented the “One Company” strategy to amalgamate all its different operations with a single brand culture. **Early adopters** of marketing automation win a competitive edge because they use technology to alter the customer buying experience & raise the bar in their industry.

In every B-to-B case, the customer’s share of wallet is directly related to the emotional attachment they have for the company.

- A fully involved customer (4.5 or more on a 5-point scale) gives a 23% premium in revenue generation & profit as compared to an average customer.

- A disengaged customer (<3.5 points) delivers almost a 13% discount from the average customer

- Personalization boosts response rate by 21%, cuts cost-per-response by 54%, and increases sales by 93% in US
Literature review

Most of the literature review for the project was taken at the McKinsey website. The reports for the market conditions in India were available at McKinsey.com. The review gave many insights on the emergence of Big Data and Cloud computing in the B2C industry but there was limited information from the B2B sector.

From the relevant information that was later filtered, we could see that there is a sense among many industries such as Bosch and Siemens who hold strong positions in the B2B industry that these companies do use analytics in their research. Dell was also a dominant player that has been using B2B analytics in order to shorten the lead time and increase the sales conversion ratio. However, there a few players in this area as many companies invest heavily in their B2C sector rather than B2B sector. As a result the market revenue that has been allocated is utilized in promotion of products that are of B2C value rather than B2B value.

Another striking feature of the research showed that the companies do not know how to separate the B2B consumer from a B2C consumer. The differences among the B2B and the B2C consumers are immense. Since the web is the common portal for access to the companies used
by both the types it is no wonder that many companies lose out on many leads. Tracking the right customer saves time and cuts costs. This in return generates more revenue and increases marketing ROI. As a result there is a direct increase in the bottom-line of the company. Many experts at McKinsey do believe that companies must shift their focus from B2C to B2B in order to have a better impact in their profits.

Businesses today are focusing on increasing revenue, reducing costs & generating more value to the customers. Businesses are increasingly realizing the importance of SMAC – Social, Mobile, Analytics and Cloud.

A Lead Generation Marketing ROI Study revealed that almost 44% of educated marketers have no clue as to what a 10% increase in budget can do for their companies. The organization as such cannot put money into something which is not quantifiable

**The bottom line of businesses is no different from their top line: Revenue & Faster growth!**

How analytics is important as regards the stages of the customer lifecycle, let’s take examples from the telecom industry.

The importance of analytically driven, targeting segmentation, is used in this industry to improve outcomes. Here, marketing would first identify the segments with a high attrition & high customer value. The most commonly used method of tracking the result of a marketing program is to allocate the complete value to the first or last program that affected the deal which essentially is allocating the deal to the first person or the key person associated or touched by the deal.
The various stages where analytics is used are **Leads/ Query, Ordering, Pre order process, Fulfil activation provision, Tech support & Customer Support**

Seventy-six percent (76%) of B2B marketing professionals agree or strongly agree that their “ability to track marketing ROI gives marketing more respect.” *Source: Forrester Research*

Digital retail firms like Amazon and Flipkart measure the data coming through their websites via the following metrics

- How did the customer arrive at the website?
- What did he do? What pages did he visit?
- What is the journey that has led to the sale?

This determines which product the company wants to sell online. The measurement unit called juice which is a combination of volumes sold and the margin on each product is a key driver that decides the target customer. Based on the past data a logistic regression equation is used to determine the probability of purchase. This procedure avoids leakage of information. Hence, using analytics the revenue can be improved by targeting the right B2B customers.

**Primary Hypothesis**

There is no impact of analytics in B2B branding. It is purely driven by the sales force employed by a company.

**Primary data**

Due to the limited time, our primary data was an interview with Mr Parveen John. He holds a senior managerial position at Sutherland Global Services and shared his view and what Sutherland does in terms of B2B branding and how they use analytics to track the leads effectively. The interview gave us insights on the methods and the tools involved. However, we could not gather much information from him due to time constraints.
Using analytics the following questions can be answered by the company:

- What the company wants to sell? (Product)
- Whom does it want to sell? (Price)
- Where does the company want to sell it? (Place)
- Who should sell it? (Promotion)

**Full Market Mix Modeling**

Market Mix Modeling, uses statistical techniques like regression to show how sales volume conclusions depend on certain independent marketing & other non-marketing factors. Currently only 3% B2B marketers apply this model to measure their MROI.

Advanced factor analysis, regression, latent-Class Regression & simulation tools facilitate to measure brand equity & forecast the impact. The sources include social media, prospect interface, outside added sources & website analytics.

10-15
percent

Improvements in EBITDA can be achieved through algorithmic models based on B2B customer usage patterns.
New Research Tools Enhance the Value of B-to-B Branding

- **Decision tree modeling**: In this, a population is split into subgroups that are supposedly more homogeneous than the original sample.
- **Logistic regression modeling**: Based on the values of the predictor fields, it calculates the probability of a certain record to be a member of a target group.
- **Clustering**: Where groups are identified based on their proximity/nearness with each other.
- **Relevant Embedded Analytics**: The Capgemini Marketing Analytics solution structure warrants that decisions on campaigns are supported by a quantitative analysis which in turns boosts confidence in the achieved results.

A research of a little more than 400 senior marketing executives the world over shows that more than 70% feel the need that the marketing organization undergoes a major digital transformation to give their company an edge over its competitors.

As digital budgets increase, the most substantial investment is supposed to be in customer experience & data analytics capabilities. Also, about one third of senior marketers are planning to engage between 41 & 60 percent of their employees to marketing, customer analytics & media in 2014, which an increase of 5% over 2013.

The various tools used in analytics divisions of various companies are SAS, RStudio, SPSS, Text mining SPSS, Custom tools modified in RStudio, etc.

CUSTOMER SATISFACTION AND NET PROMOTER SCORES

For a lot of companies, an important metric is their Net Promoter Score (NPS) which is a loyalty metric based on a customer’s answer to the question, “Will you refer us to a friend/colleague?”
The answers are recorded on a 0-to-10 rating scale, and on the basis of this, customers are grouped in three categories:

**Promoters (9-10)**

Satisfied & keen customers who will increase the growth with repeat purchases & referrals.

**Passives (7-8)**

Customers who are vulnerable to the competitor’s offerings & have a neutral brand impact on the business.

**Detractors (0-6)**

Customers who are dissatisfied and who end up harming the brand.

The following equation is used to calculate a brand’s NPS:

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NPS = \% \text{ of Promoters} - \% \text{ of Detractors}
\]

The key parameters that are required in B2B marketing are:

1. Acquisition of the customer
   a. What percentage of the customers whom I am targeting are visiting my website
   b. The percentage increase or decrease from the customers who are not in my target
   c. The customer visits from which the company’s sales team targets offline

2. The behavior
   a. What is the content which is more popular?
   b. What is the content that was shared?
   c. The landing page stickiness by my target customers

3. The conversion
   a. Number of customer who download the white paper data
b. The number of sales converted
c. The sales follow up procedure

A Gartner survey of 242 marketing analytics professionals in December 2012, revealed that 21 percent of the marketing budget is allotted to marketing analytics. However, many marketers struggle to make the analysis actionable. Despite analytics being embedded within automated marketing systems, most organizations are unable to obtain value from these analytics programs.

**Dell** uses predictive analytics to keep track of its key B2B customers. Dell has a lot of suppliers and sellers. However in order to stay ahead Dell is using analytics especially in the marketing department by cutting the number of leads that it sent to its sales team by 50%. As a result these leads to a decrease in the time spent calling all the sellers and target the most potential buyers. This lead to a double in revenue since the expenses of tracking everybody was removed. The impact had its top line and bottom line.

Progress in inbound marketing tactics wherein a very captivating and positive digital content is created by marketers to engage the customers, has led to a rising growth in digital content. The catch here is that all content is not created in an “equal impact” fashion. The prospective client can reject the low quality content which can hurt your brand image and obviously this again comes with a cost.

**Siemens** had also done an effective B2B campaign of its IT services. This was done with a simple objective. To capitalize on the emerging category of business development. With this objective, Siemens used predictive analytics to figure out which businesses to target. Heinz uses analytics to figure out the potential customers in the B2B segment. With that in mind the below mentioned points are the metrics in B2B marketing
Research shows that only about one quarter of B2B companies have a lead generation and follow-up process that is routinely followed.

The other key metrics in B2B marketing are:

- The lead generation team percentage contribution to the sales revenue achieved or the wins
- The lead generation team percentage contribution to the sales funnel or the opportunities
- Quantity of the sales qualified leads delivered to the sales

**EXAMPLES IN THE FOREIGN CONTEXT**

**Tennessee Bank** originally had reporting & tracking systems that were slow and inhibited its capacity to develop customer insights. By generating a system for analyzing customer data and delivering offers in real time, Tennessee was able to obtain a 600% increase in its marketing ROI.

Here is a major point of differentiation. Market leaders generally integrate inbound, outbound, online & offline marketing across some channels. But in terms of integrating across all channels, they outnumber their peers in the ratio 3:1. As a matter of fact, almost 40% of their peers aren’t integrating at all.
Kodak’s “Play Ball” promotion which promises that Kodak can deliver “major league solutions” to well-known print buyers.

An analytical framework for marketing helps the companies to raise response rates, leading to customer loyalty, and eventually ROI, because the most potential customers are targeted with the most relevant messages, bring about a reduction in campaign costs as a result of targeting the right customers, & also to make predictions about the customers who are most likely to leave you & forming subsequent campaigns for the same.

# It in hindsight also improves the quality of the decisions taken by the company.

**Taking Brand Assessment to the Next Level**

In order to obtain a strong assessment of B-to-B brand equity, value measurements must happen across all phases of the buying process.

The phases can be grouped in three main categories Exposure, Affinity & Preference

Research has it that most post-implementation issues arise due to some stakeholders who prevent internal innovation & change. Lack of knowledge is not a bliss when it comes to B2B marketing analytics.
Challenges

The management spends on marketing research to assess components which can enhance its brand equity but do not have the patience to devise a comprehensive model for the same. The successful use of analytics involves a time commitment which most organizations cannot make.

- **Choosing the right Metrics (Basic/Revenue/Process/Justification)**
- **Content Creation** (Most of the time good content does not exist before marketing automation is applied)
- **Collection of Data & Running the Reports**
- **Process Considerations** (Inability of organizations to re-think processes & campaign workflows)
Another challenge is continuously changing B2B environment. Customers today expect customized messaging from their business counterparts, for any sort of interaction. As a matter of fact, today there are newer & more sophisticated ways of reaching out to the customer and this can add a substantial burden to the marketing spending. So marketing campaigns have to be:

**Relevant**: Which is about making the right offer to the right business group instead of making it to all the players in the hope of getting a good hit rate.

**Timely**: The message must be delivered within the short span of time in which a customer interacts with the organization.

**Suggestions moving ahead**

To obtain the best rewards from marketing analytics, three steps must be followed:

1. Use of a balanced assortment of analytic techniques to report on the past, analyze the present and influencing the future. A marketing organization might already be collecting data from online & POS transactions. Still there is unstructured information from or call-center logs or social media sources. What about that?

2. Act on your learnings - Analytics helps companies to improve their overall marketing program performance by things like adjusting strategies & tactics as and when needed, identifying channel insufficiencies & augmenting processes, etc.

The future of analytics in B2B marketing is bright. This is a new playground where companies must utilize smart data & figure out where are the potential customers heading to? What differentiates an anonymous visitor to a potential buyer? How to keep the user stuck on one page displaying the products? Such work will require sophisticated tools that will accurately determine which visitor came from where and the background. If it is possible to track the potential buyer just by analyzing the traffic then it is possible to save money on pursuing the
wrong customer. Since marketing affects the top line and the bottom line simultaneously the essence of a catalyst that can filter out the not required is now.

References

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- Statistics from McKinsey’s SaaS benchmark database