



Alterra Group

Thought Leadership Marketing for Professional Services

# The Rise of Account-Based Marketing: Leading Practices for Generating Greater Returns from Marketing

*By Susan Buddenbaum and Bernie Thiel*



# Introduction

- > As a customer-centric focus increasingly proves critical to the success of professional service firms, account-based marketing (ABM)—the dedication of marketing resources, time and attention to specific accounts and prospects—has become one of the most important elements of firms’ overall marketing plans. Yet ABM can be challenging to execute well for a variety of reasons.
- > To understand the rise of ABM and the key components of a successful ABM program, Alterra Group recently completed a comprehensive research initiative involving 50 U.S.-based practice leaders, marketers and business development executives from across professional services sectors.
- > Based on this research and our own consulting experience, Alterra Group has identified the key practices and approaches that can help firms create and execute an ABM program that results in greater client attraction, retention and expansion.



# **THE IMPORTANCE OF ABM TO FIRMS' MARKETING INITIATIVES**

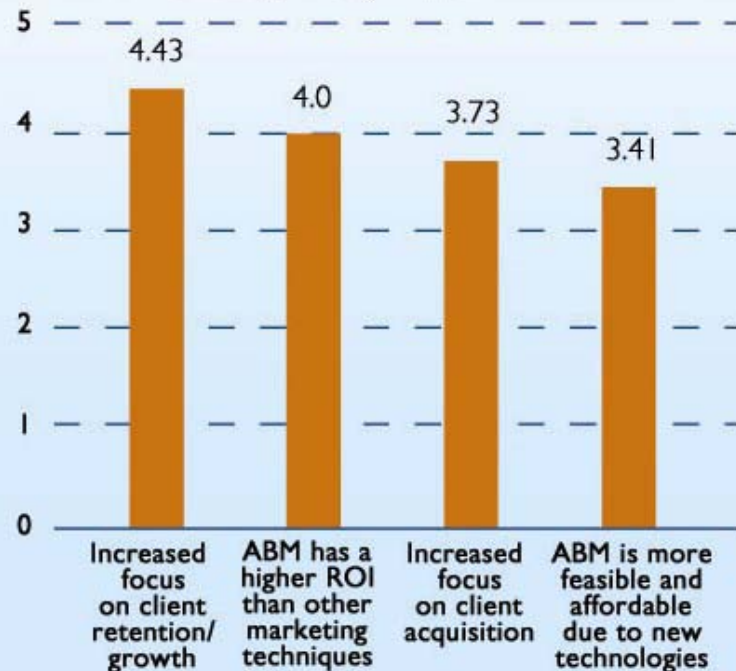


# ABM is Gaining Importance

- > The vast majority of survey respondents (86 percent) use ABM as part of their marketing mix.
- > Eighty percent said it will become more important to their organization in the next year. Large firms are more likely to think ABM will become more important.
- > Why this rise in importance? For the majority of survey respondents, an increased focus on client retention and growth at their firms was a major reason. Also important was the belief that ABM has a higher ROI than other marketing techniques.

## Reasons for Increasing Importance of ABM

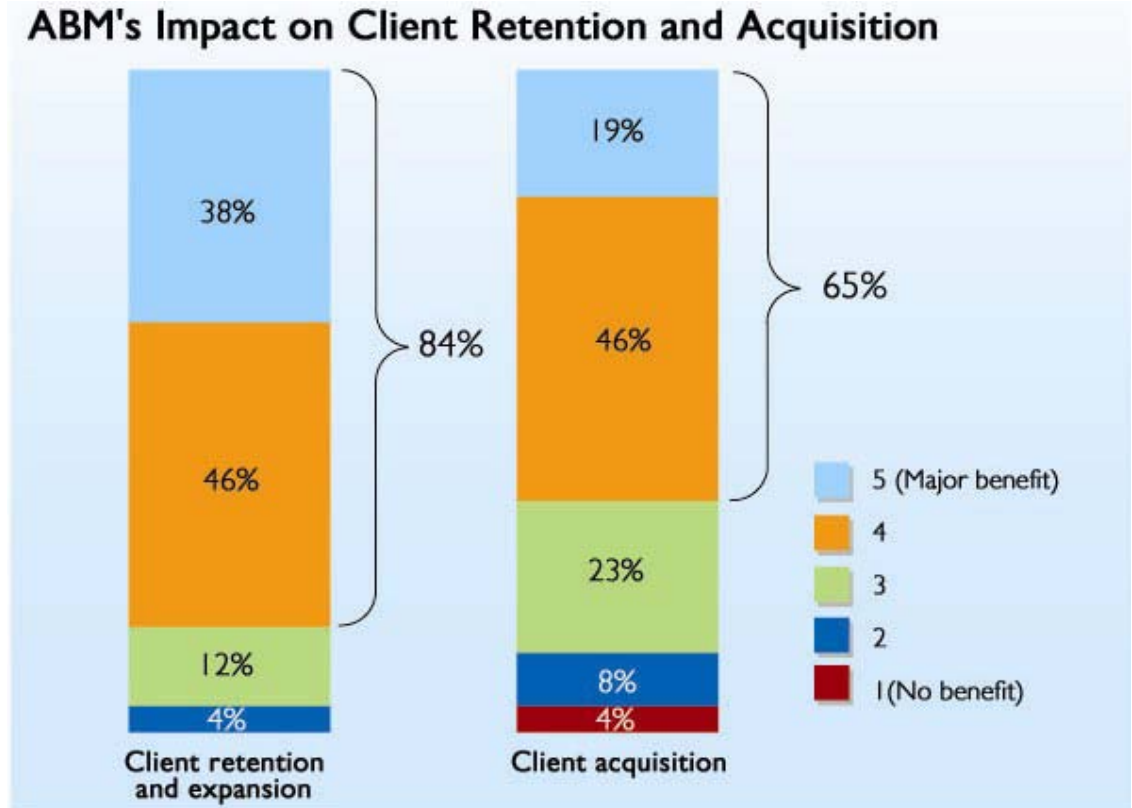
1 = Not a factor, 5 = Major factor





# ABM Generates Greater ROI

- > Ninety-seven percent of survey respondents said ABM has a somewhat higher or much higher ROI than other marketing initiatives.
- > This ROI is expressed in terms of client retention and acquisition:
  - Eighty-four percent also gave ABM a four or a five rating on a five-point scale for its ability to help firms expand client relationships.
  - For 65 percent, it earned a four or a five for its power in attracting new clients.





# LEADING ABM PRACTICES



# Making ABM Work

- > While ABM is becoming more popular, it also can be challenging to execute effectively.
- > In studying the results of our research, and drawing on our own experiences in helping firms develop and implement ABM, we have identified four key practices that can improve the effectiveness of ABM programs:
  - Choosing ABM targets: Revenue potential is key, but qualitative factors matter as well
  - Structuring the ABM team: Choosing the right people with the right skills and placing them in the right roles
  - Selecting ABM tactics: Balancing scalability and relevance
  - Measuring the results of ABM: The more metrics, the better
- > We explore each of these in more detail.



# LEADING ABM PRACTICES: CHOOSING THE RIGHT TARGETS

## ABM Targeting Success Factors

- > Consider quantitative and qualitative factors when choosing targets
- > Choose accounts with team continuity, willingness and few internal barriers to success

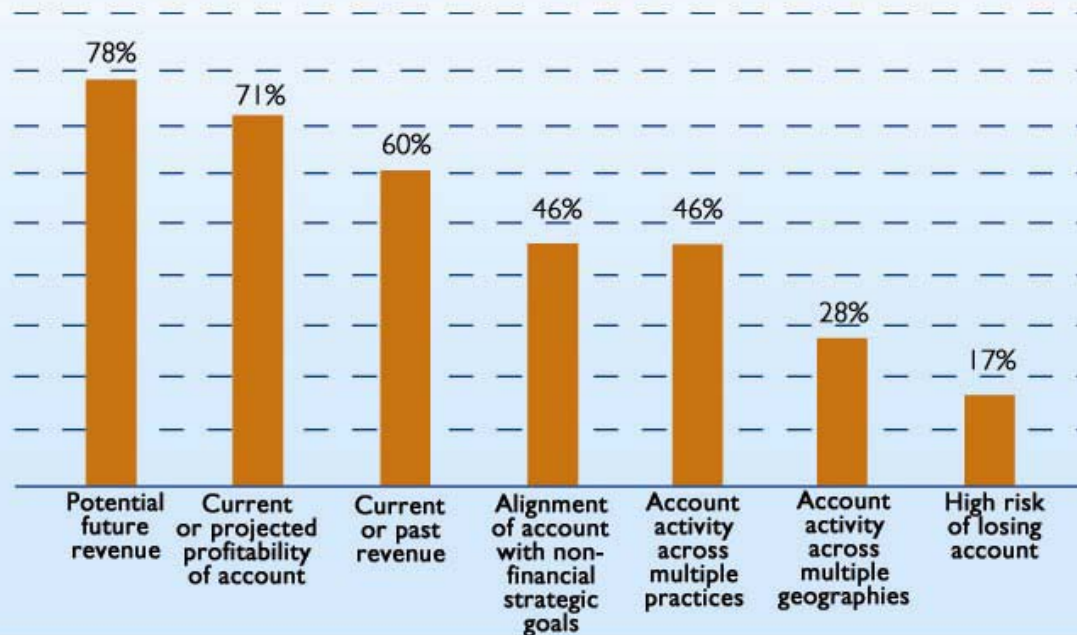




# Target Selection: Revenue Potential Is Key. . .

- > Given the more intensive investments required for ABM, selecting targets effectively is a key success factor.
- > For nearly 80 percent of respondents, potential future revenue is the key decision criteria, followed by profitability.

Criteria Used to Choose ABM Targets





## . . . but Qualitative Factors Matter

- > When choosing ABM targets, leading firms complement financial considerations with qualitative factors:
  - The likelihood of upcoming opportunities
  - The degree of continuity and openness to ABM on a given account team
  - A lack of barriers to implementing ABM within the firm
  - The relative strength of available marketing resources and existing business development processes
  
- > Overall, flexibility is a key trait of firms that have experienced the most success with ABM.



# LEADING ABM PRACTICES: STRUCTURING THE ABM TEAM

## ABM Team Structure Success Factors

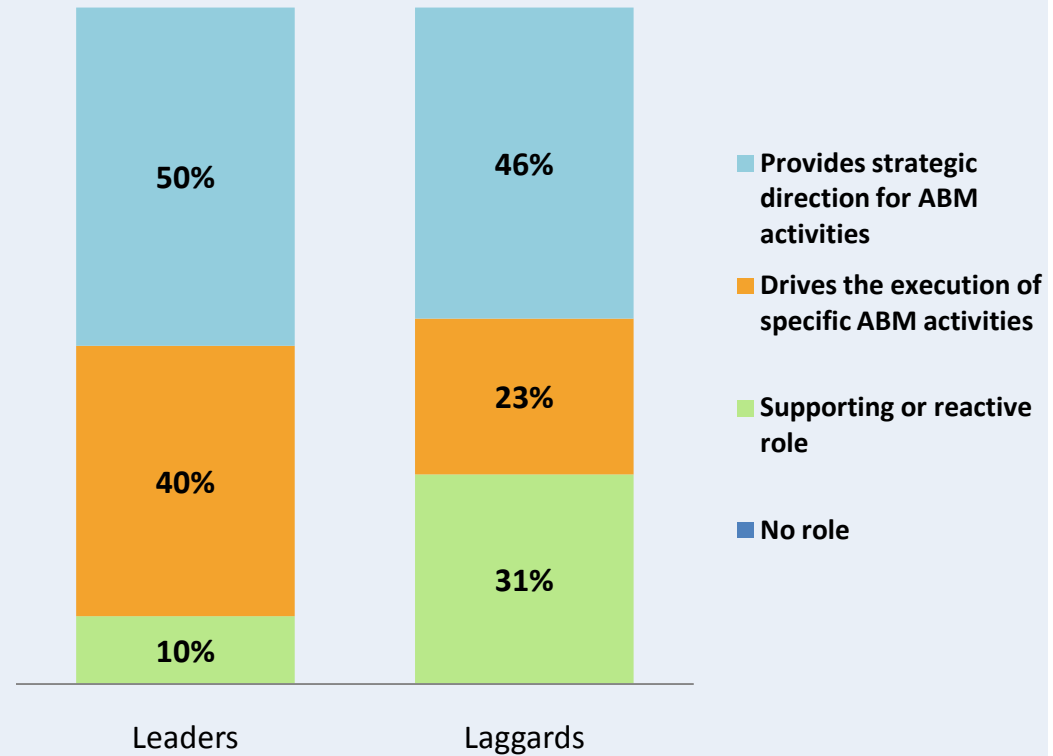




# Structuring the ABM Team

- > ABM programs are only as strong as the teams that deliver them.
- > The most successful ABM teams feature representation from marketing—either in the form of strategic direction or actual leading of the execution of specific elements of ABM programs.
- > Leading firms also ensure marketers have deep account and industry knowledge to build effective and relevant marketing programs, and they tightly integrate sales, marketing, and account teams.

**Role of Marketers on ABM Team**





# LEADING ABM PRACTICES: SELECTING TACTICS

## ABM Tactic Selection Success Factors



- > Use templates and re-use content as much as possible
- > Continuously tailor programs to meet account needs and stay relevant



# Use and Effectiveness of ABM Tactics

- > While companies have a wide range of ABM tactics at their disposal, most use a fairly narrow range of activities.
  - The most heavily used ABM tactics included company-specific educational events, trade show meetings, customized “annual reports” and email newsletters.
  - The remainder are much less frequently used.
- > Tools thought to be most effective at fulfilling ABM goals include company-specific educational events, annual reports, and microsites.

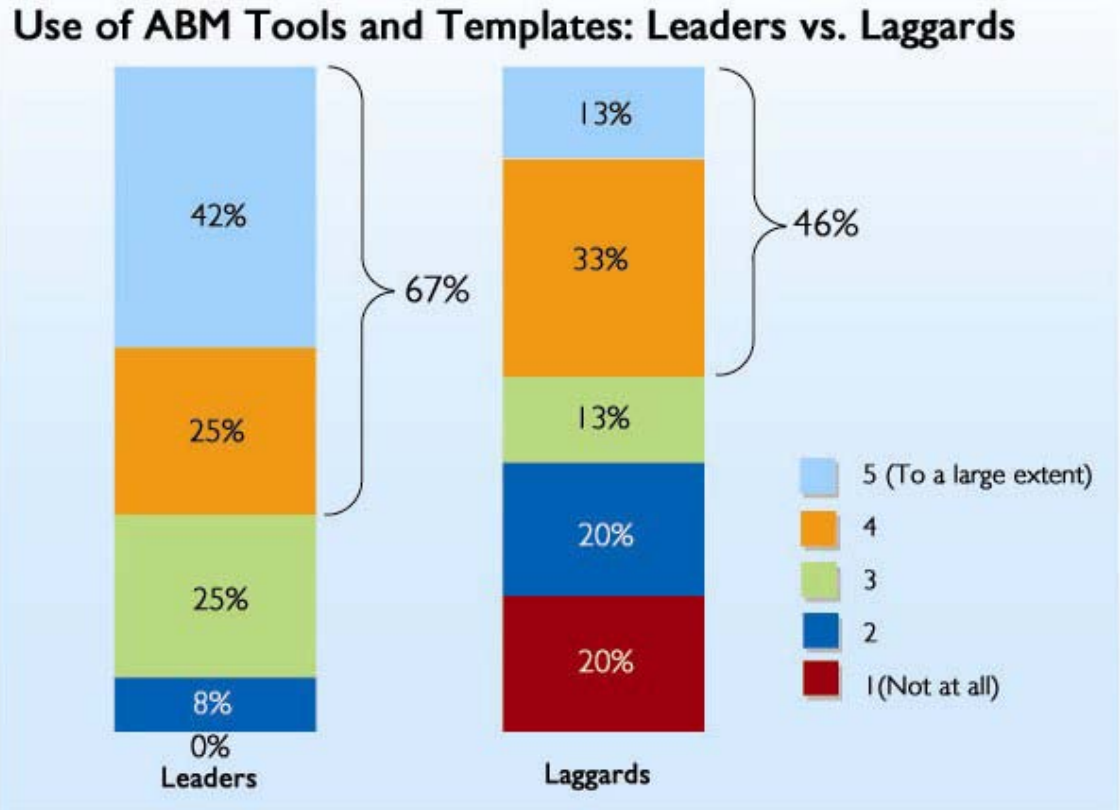
Use and Effectiveness of ABM Tactics

Answer Options	Use to a large extent	Consider tactic to be very effective
Company-specific educational events: Providing access to internal/ external topical experts to your clients	46%	50%
Hold meetings with individual clients during trade shows or industry conferences	46%	38%
“Annual reports” on the overall client relationship	35%	42%
Email newsletters customized for and targeted to specific clients and prospects	31%	19%
Client- or prospect-specific webinars	23%	19%
Develop customized presentations, white papers and other thought leadership documents for specific clients based on new points of view	23%	23%
Microsites: Private website dedicated to the relationship with a client	15%	31%
Social/sporting events for specific clients or prospects	15%	23%
Conduct promotion for the client—speaking slots, case studies, PR, etc.	8%	23%
Highly-targeted advertising (such as in the elevators of client buildings)	8%	12%
Benchmark a specific client or prospect against recent research findings	4%	15%
Client- or prospect-specific groups or blogs on social networking sites	0%	8%



# Use and Effectiveness of ABM Tactics

- > One of the keys to making most effective use of any ABM tactic at scale is providing tools and templates for account teams to customize. This is something that ABM leaders in our research were much more likely to do.
- > Examples include an “event in a box”—everything an account team needs to host a client luncheon on a topic of interest to most clients—or an email newsletter whose content can be customized by account teams.
- > However, it’s critical to balance the use of templates with account-specific customization to make messages and campaigns most relevant to target accounts.





# Anticipated Use of ABM Tactics

- > In the future, use of digital channels for ABM is likely to increase substantially.
- > While not heavily used by most firms, microsites are already in wide use among the largest and most sophisticated firms. As more firms progress along the learning curve, microsites will become more prevalent.
  - Nearly six in 10 companies we studied said they plan to increase their use of microsites in the next year.
- > Client- or prospect-specific groups or blogs on social networking sites also are expected to see a major increase in use as part of firms' ABM initiatives in the next 12 months.

## Intentions to Increase Usage of ABM Tactics

Answer Options	Consider tactic to be very effective	Intend to increase usage over next 12 months
Company-specific educational events: Providing access to internal/external topical experts to your clients	50%	50%
Hold meetings with individual clients during trade shows or industry conferences	38%	27%
"Annual reports" on the overall client relationship	42%	42%
Email newsletters customized for and targeted to specific clients and prospects	19%	38%
Client- or prospect-specific webinars	19%	35%
Develop customized presentations, white papers and other thought leadership documents for specific clients based on new points of view	23%	54%
Microsites: Private website dedicated to the relationship with a client	31%	58%
Social/sporting events for specific clients or prospects	23%	23%
Conduct promotion for the client—speaking slots, case studies, PR, etc.	23%	31%
Highly-targeted advertising (such as in the elevators of client buildings)	12%	23%
Benchmark a specific client or prospect against recent research findings	15%	19%
Client- or prospect-specific groups or blogs on social networking sites	8%	42%



# LEADING ABM PRACTICES: MEASURING RESULTS

## ABM Measurement and Improvement Success Factors

- > The more the better; leaders measure ROI to a great extent
- > Focus on quantifiable metrics such as revenue growth

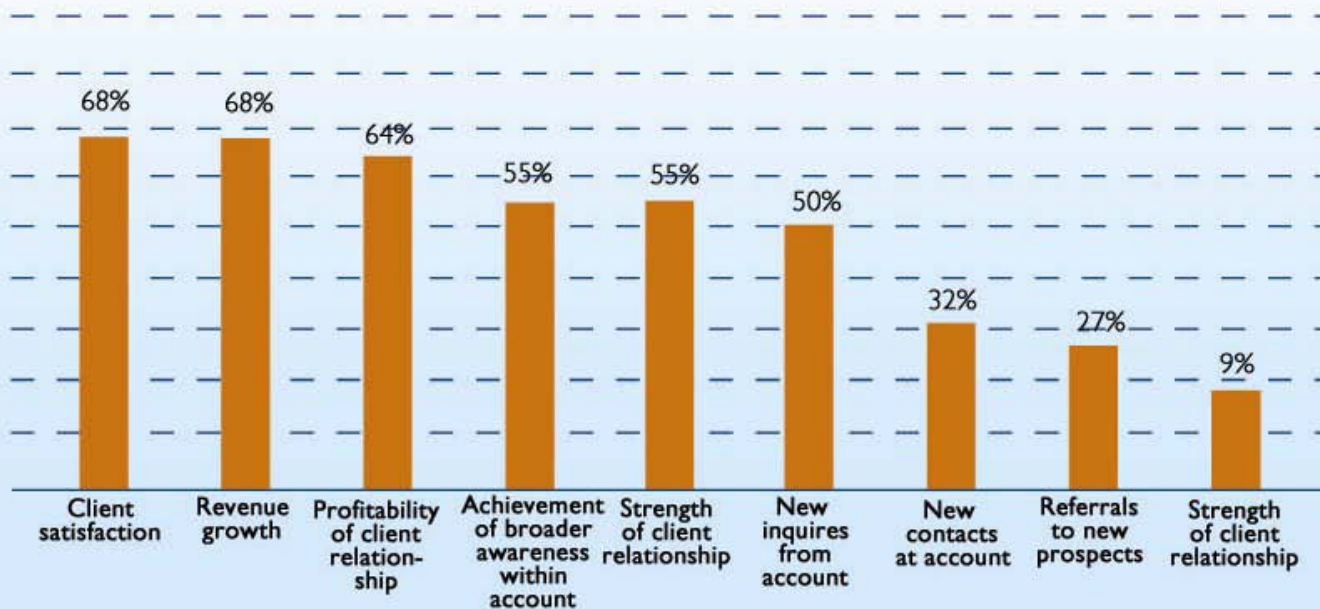




# Measuring Results: More Is Better

- > Professional services firms are committed to measuring the impact of their ABM programs, focusing on client satisfaction, revenue growth, and the profitability of client relationships.

## Metrics Used to Measure the ROI of ABM

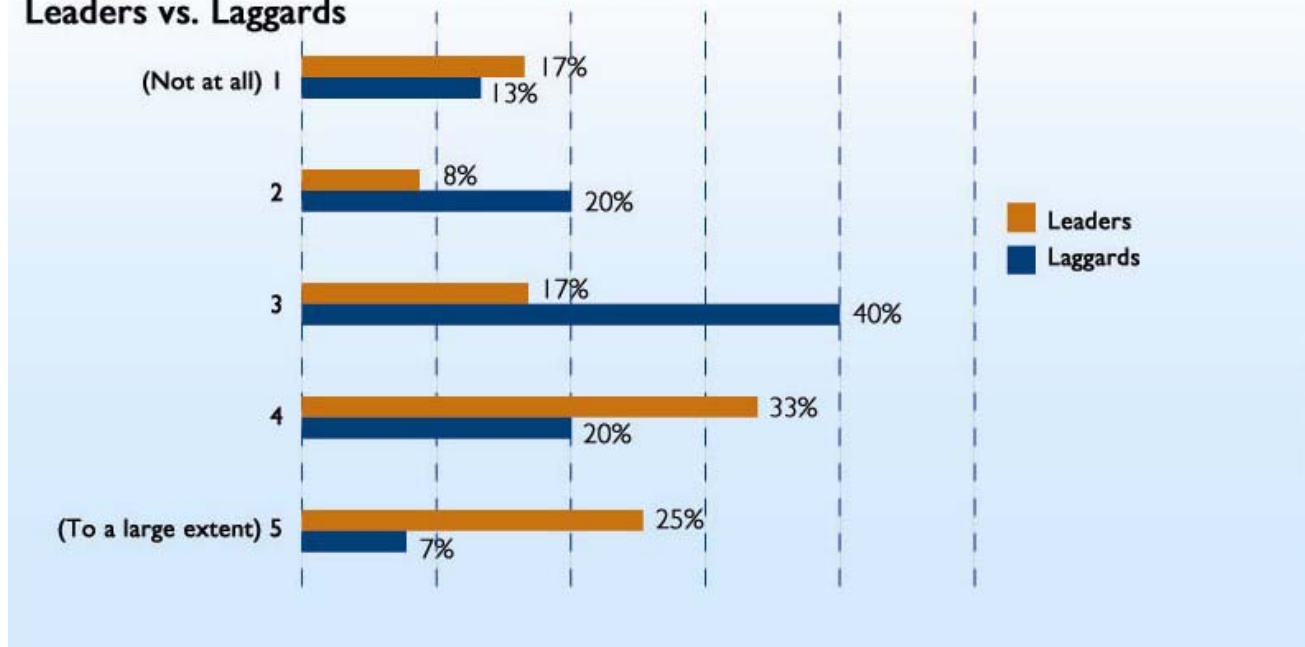




# Measuring Results: More Is Better

- > Our research confirms more measurement is better. Leaders are more than twice as likely as laggards to say they measure the ROI of ABM to a large or very large extent.
- > Leaders do not measure indiscriminately, however. They focus on quantifiable business metrics such as revenue growth.

**Extent of Measurement of ABM Programs:  
Leaders vs. Laggards**





# Making ABM Work at Your Firm

- > With its superior ROI versus mass marketing methods, ABM is a natural choice for firms looking to strengthen client relationships as cost effectively as possible. Given the results that many of the participants in our study have experienced, ABM likely will remain important well after the recession has passed.
- > Yet ABM can be a challenging discipline. It demands different skills than traditional marketing activities, it forces firms to prioritize their accounts and work across functions, and it demands dedicated resources.
- > As our research reveals, leading firms have developed innovative ways to choose the most appropriate targets for ABM programs, staff their ABM teams with the right professionals, reuse and recycle content while staying relevant and, ultimately, measure the impact of their ABM investments. By adopting these best practices, professional services firms stand to derive substantial returns from ABM, regardless of the economic climate.



# Learn More About the Research

- > To learn more about this research, please visit [our website](#) or contact Susan Buddenbaum, partner, at 216.539.9712 or [sbuddenbaum@alterra-group.com](mailto:sbuddenbaum@alterra-group.com)
- > To learn more about Alterra Group's insights and services, please visit [www.alterra-group.com](http://www.alterra-group.com)



# About Alterra Group

Alterra Group helps professional services organizations raise awareness of and create demand for their services among key target audiences. We do this via three principal services: developing unique points of view, articulating those points of view in a variety of publications, and building powerful marketing campaigns around the content in those publications to get points of view in the hands of current and prospective clients. We have applied our approach to thought leadership marketing in a diverse group of professional services firms, including leading global outsourcing and systems integration companies, influential trade associations, midsize consulting and strategic advisory firms, boutique consultancies, and independent consultants and authors.

Alterra Group  
PO Box 201355  
Cleveland, OH 44120

216.539.9710 phone  
216.539.1433 fax

[www.alterra-group.com](http://www.alterra-group.com)

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