

Profiling, segmentation and targeting in B2B markets

This chapter includes:

- The differences between B2B and B2C
 - The different types of data
 - The role of profiling
 - The application of segmentation
 - Targeting – putting segmentation into action
 - Why B2B targeting is more complex
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-

About this chapter

The principles behind profiling and segmentation remain the same whether you are operating within a B2B (Business-to-Business) market or a B2C (Business-to-Consumer) market. What changes are the objectives along with the methods and tools used. This chapter focuses on the key differences between B2B and B2C markets and how they influence profiling, segmentation and targeting.



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(This chapter, which appeared in the previous edition of the Guide, has been reviewed and amended for this edition by Richard Webber, F IDM, whose details appear at the head of the previous chapter.)

Chapter 2.6

Profiling, segmentation and targeting in B2B markets

Introduction

The aim of profiling, segmentation and targeting is to make your sales and marketing more effective. This is achieved by developing a better understanding of your customers and prospects and by communicating with them at the right time, with the right message, in the most cost-effective way.

Profiling is about knowledge, segmentation is about creating groups of similar profiles and targeting is about when and how to communicate with chosen groups. This remains the same whether you are operating in a B2B or a B2C market. There are, however, some significant factors that dictate your approach to profiling and others that make segmentation and targeting more complex, in B2B. We shall start by looking at those differences.

The differences between B2B and B2C

Let us assume that we define a B2B business as one that sells to other businesses and a B2C business as selling directly to consumers. Immediately we are faced with a dilemma. Most markets consist of both and it is increasingly common for a single business, for example a PC manufacturer, to operate in both spheres. So, for the purpose of this chapter, we shall focus on companies whose main business involves selling to other businesses, although the principles apply either way.

Target audiences

The most fundamental differences lie in the size and shape of the target audiences. B2B audiences are typically significantly smaller in number and in terms of customer spend have a greater differential between the top end of the market and the bottom of the market than is the case with B2C.

We have to recognise that most companies specialise in supplying other companies of a certain size or within a certain industry, or perhaps within a certain geographic area. And this makes their potential target audience even smaller, and in turn tends to reduce the differential. However, the difference between their most and least valuable customers is always more significant than in B2C.

Offsetting the negatives of lower size and greater differential in B2B is the average value of each customer. Since most B2B customers are worth more than the average B2C customer, it is usually easier to justify investing more in finding, acquiring and keeping customers.



Illustration

Consider the PC company introduced earlier. In the B2C market selling PCs for home use, their potential target audience consists of every moderately well-off household, say 5 or 6 million in the UK. For example, some of them may have PCs, others may not be buying this year, but the potential for a sale exists over the coming years. However, each household is only likely to buy one, or at best two PCs at any one time, so the potential spend per house ranges from £500 to £5,000 – a factor of 10.

Compare that with a company supplying local area networks to companies with more than 10 PC users. Their potential market is limited to the 200,000+ companies that employ more than 10 people. Furthermore, the potential spend of those companies will range from £15,000 to more than £30 million – a factor of 2,000.

Data and databases

As with B2C marketing, the most valuable and most important data is that held on the customer database; however, the true value of that data is realised when it is used to help target new customers through the use of external data. This is the second key area of difference.

While it is true to say that there are probably more data sources in the B2B market than in the consumer market, they tend to be specialised to a certain industry or interest and are therefore relatively small and rarely give adequate coverage of any particular sector. The exceptions are ‘universe’ databases, that combine information based on companies that are registered at Companies House, and from directories such as *Thomson* or *Yellow Pages*, or a combination of all three.

It also follows from the smaller target audiences and smaller customer bases that databases will always be smaller in B2B than they will in consumer, and this makes many of the analysis techniques introduced during the B2C section at best insignificant and at worst irrelevant. As we will see later, this does not mean that profiling and segmentation is unimportant in B2B; quite the contrary, more that they have to be approached in a different way.

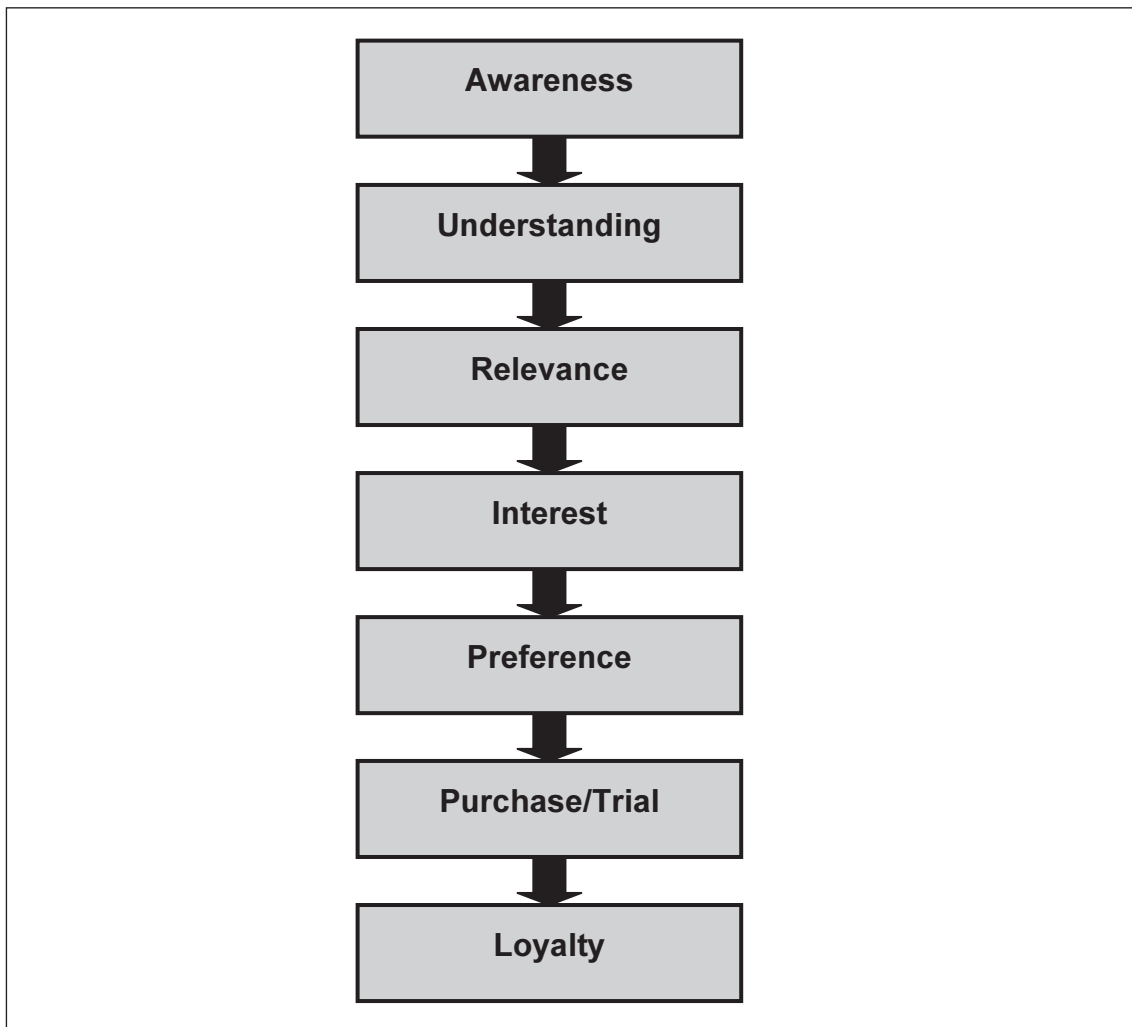
One final warning about data in general and external data sources in particular: The contact details on B2B data ages much faster than on B2C data. Though businesses move address only slightly more often (once every seven years on average) than the average household, responsibilities for specific functions move between different people quite rapidly as well as people moving between companies; every two years on average for senior positions. So unless the data is consistently researched, 50 per cent of the contacts and 15 per cent of the company details will become inaccurate as each year passes.

Buying processes

The final area of difference that we shall consider, and perhaps the most complex, involves the buying process. In consumer markets buying is relatively straightforward, often as simple as acting on impulse. For more expensive purchases, like a TV or a car, a process appears, often involving more than one person, but even for these 'considered purchases' the marketer can quite easily identify the people involved and what their interest in the purchase is likely to be.

As we identified in the Target audience section, the value of a B2B purchase is usually higher, even if the individual items being bought are of the same value. B2B buyers choose a supplier with whom they can develop a relationship; one they can go back to as required and one on which they feel they can depend. If they are buyers by profession, that is their job. And so they approach it with thought and careful consideration. There is a process they go through, as shown in figure 2.6.1:

Figure 2.6.1 Typical B2B buying process



Once they have chosen a supplier, having invested this time and effort, they are more likely to stay with that supplier for longer.

One of the major differences to consider when looking at creative in B2B marketing is that buyers are not spending their own money, but making a decision on behalf of the company, about the best allocation of the company's money. Often these decisions have strategic importance, have an impact on other people or require other people's input.

Take for example, a large organisation buying a new CRM system. It is a computer system, so the buyer will often leave the choice of system and supplier to the IT department. In order to be effective it needs to be used by sales, marketing and customer support among others. They will all need to be involved in the evaluation, as they are all 'stakeholders'. It is a big investment and so it is likely that the finance director will have to approve the investment, and as it is being purchased to make the entire business more effective you would expect the managing director to want to be involved.

In this example the decision-making unit (DMU) is made up of at least seven people and probably more. The astute vendor of CRM systems will try to influence all these people to ensure that when they come to play their role in the purchase they have a preference for his system. However, these are seven people with different responsibilities, priorities and needs. The finance director will be interested in Return on Investment (ROI); the IT director in technical issues and compatibility with existing systems; the marketing director in reporting and analysis; the sales director in how easy it is to plan contact strategies and keep accurate records; and the customer support manager on its ability to handle telephone scripts, and so on. The table below shows these conflicts of interest:

Table 2.6.1 Example DMU for a company looking to buy a CRM system

Position	Role	Interests
Managing director	Overall performance of the company	Increasing productivity and decreasing costs
Finance director	Management of the company finances	Income/expenditure, cash flow, return on investment
IT director	Availability and accuracy of information	Integrity, usability, compatibility and support
Sales director	Achieving company sales targets	Ease of use, remote access to customer information
Marketing director	Promotion of the company's brand and products/services	Management and measurement of marketing campaigns
Customer support manager	Ensuring customer satisfaction	Ease of use, access to customer information, scripting functionality
Head buyer	Negotiating a good deal with suppliers	Price, payment terms, service level agreements

To complicate matters further, for any given purchase, the people involved in the decision making will vary depending on the size and structure of the organisation and the culture under which it operates. Predicting who will be involved and when is an art and not a science. The only real way to find out is to telephone and ask.

To summarise there are a number of key aspects of B2B marketing that affect how we use profiling and segmentation:

- ✓ Smaller target audiences
- ✓ Greater differential between the spend of the biggest and the smallest customers
- ✓ Higher average spend with much higher lifetime values
- ✓ More data sources but often small and specialised
- ✓ Contact details age more quickly
- ✓ Complex, less frequent buying process
- ✓ Existence of the decision-making unit

If anything, these factors make the need for profiling and segmentation even more important than in B2C marketing.

If your potential market is small it is doubly important that you fully understand where you can find these factors and how to identify them. If the difference between your best and your worst customers is great then you need to be sure that you are investing in the more profitable sector of your market and being as cost-efficient as you can be at the bottom end of your market.

When the average spend is higher, you can justify spending more on the creation of a *prospect* database and on populating your *customer* database with information that will help you understand what your customers do and why, and more importantly who within each company does what and when.

Different types of data

From what we have covered already it is clear that data is at least as important in B2B as it is in B2C marketing. One thing is certain: the basics are more complex.

It is possible to create a relatively clear picture of a consumer customer base by analysing the demographics and the geography along with historic sales data. From this you know who has bought what in the past and you can predict who is likely to purchase in the future, allowing you to target your communication to the right people at the right time with a relevant message.

Business-to-business has additional layers of complexity. Organisations are often spread over a number of locations, sometimes autonomous, sometimes not. They are often part of groups of companies that negotiate centrally for some purchases and not for others. Then, within each location, the buying responsibility can be shared among a whole host of people.

This results in the need for three main sets of information to be considered:

1. Data relating to the company and to the establishments from which it trades
2. Data relating to the functional responsibilities within the organisation
3. Sales data

1. Company data

Company data describes a company's demographics such as number of employees, turnover etc. at a location or business level. It can also explain the relationship between the locations at which the business operates. Each office or location needs to be linked to the head office, which in turn should be linked to the group office. Not mapping out your customers in this way could result in treating local customers as low value, when in reality they add up to form a major account. On the other hand if they are autonomous then they might need to be sold to as separate entities. It will depend on the business and on the products being sold.

Either way, you need to know if they are part of a larger organisation so that you can have a strategy on how to manage them and what terms to offer. Failure to recognise their total value leaves the business open to a competitor who sells a group deal to the head office, thereby undercutting your service while at the same time reducing his sales costs.

2. Organisational data

Organisational data describes the persons responsible for purchasing different products for each site at which the organisation operates. These people may be involved either directly or indirectly with the purchase of the products or services you supply and their responsibilities may be either for the site at which they work or for other sites. This is data relating to individuals, covering their job function and responsibilities, their relationship with your organisation and other personal information.

3. Sales data

Sales data, as in a consumer database, describes the historic commercial relationship between your business and the company. A decision has to be made at which level sales data is held. Typically it is held at the location where invoices are sent, but this causes problems when the data is used for analysis; for example when replanning sales territories. The ideal is to have sales data tracked at all levels, including at the organisational level, so that the value of each individual within every location of each group company is known.

The role of profiling

Profiling is about understanding. We profile our customers so that we can make better-informed decisions.

How we profile will depend on the decisions we have to make. Decisions that require information relating to the market, for example penetration, will require profiling at the company data level. Decisions regarding who we communicate with might also include profiling at the 'organisational' level. And decisions based on where the business is coming from now and where it will come from in the future will also involve profiling based on sales data.

Business-to-business profiling, as with business-to-consumer profiling, often requires the comparison of what you know about your customers with information about companies that are not your customers. An example of this is the 'Market Penetration Study'.

Example of a Market Penetration Study



A company selling vehicle communication systems to companies that operate fleets of vehicles wishes to improve the effectiveness of its lead generation activity. To do this it decides to carry out a market penetration study to help it understand which sectors are buying its services currently and where the greatest potential exists for further sales.

The process is as follows:

1. Map existing customers against a database of the 'universe' (all companies in the UK)
2. Identify the industry sectors where the greatest penetration has been achieved
3. Identify their penetration within the customer base
4. Quantify the number of companies in each sector that are not being supplied
5. To find the areas offering the optimum combination of propensity (likelihood of buying their services) and potential value within each postcode territory

The company chose the Market Location Primefile database as the universe, as it is a location-based database and it knew from experience that its product is usually purchased locally rather than centrally. It also chose market location as it has a specialist database of companies operating fleets (Vehiclefile) and it was able to use that to extrapolate the likely number of vehicles each business operates, by combining the two databases.

The first step of matching its database against the universe enables the company to enhance its customer database with the additional data needed for profiling. In this case:

- ✓ SIC codes (Standard Industry Classifications)
- ✓ Number of employees
- ✓ Number of vehicles in the fleet
- ✓ Location type (head office, branch or single site)

The second step of calculating its penetration by market sector and by employee bands showed that it had an overall penetration of just 1.5 per cent. Its top vertical sectors were:

Table 2.6.2 The top vertical sectors

Vertical sector	Penetration
Wholesale	4.44%
Manufacturing	4.36%
Transport	3.58%
Business services	3.08%
Financial	2.74%
Construction and mining	2.64%

Within each of these broad sectors it was also able to identify particular hot spots, for example in SIC code 7132 (Renting of Construction and Civil Engineering Equipment) the penetration was 18 per cent and in SIC code 2710 (Manufacture of Iron and Steel), it was 36 per cent.

The broad sectors listed above still represent over 250,000 companies, ranging from less than five employees to over 1,000 employees. The penetration by number of employees helps define the company's success more accurately. The results were:

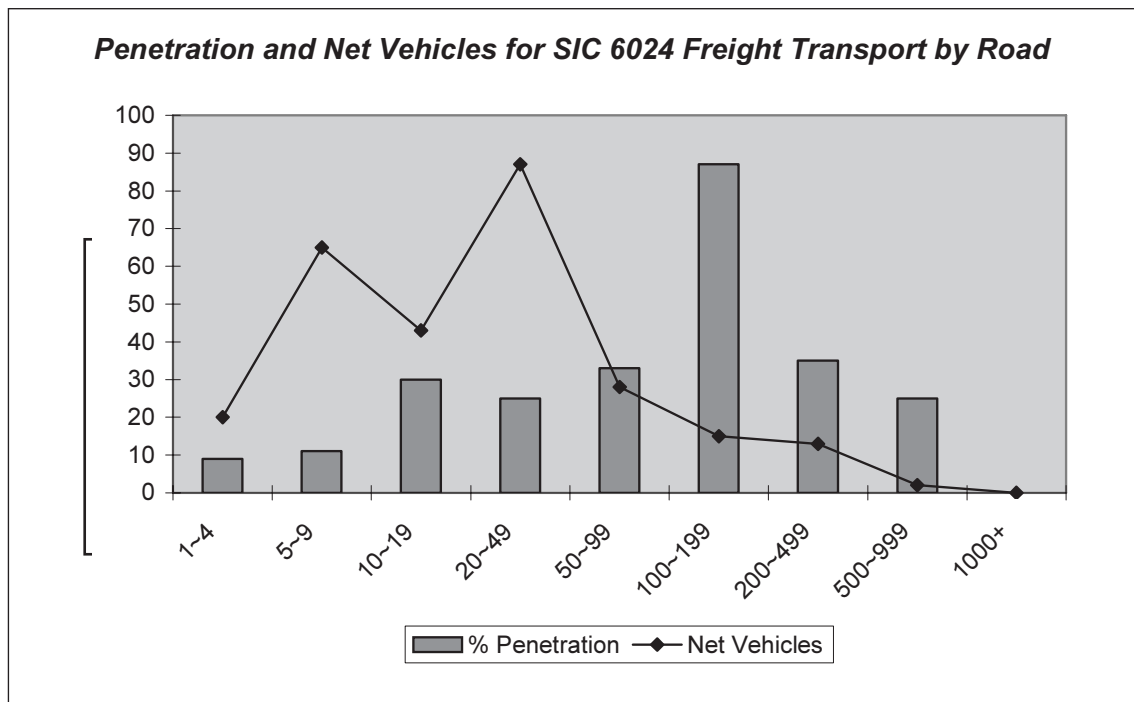
Table 2.6.3 Penetration by number of employees

Company size (number of employees)	% of customer base	Penetration
1 – 4	53%	0.66%
5 – 9	15%	1.84%
10 – 19	9%	4.18%
20 – 49	6%	5.98%
50 – 99	2%	9.82%
100 – 199	1%	11.56%
200 – 499	1%	13.6%
500 – 999	<1%	15.4%
1000 +	<1%	19.8%

This clearly illustrates the benefits of profiling against external data. Looking at just the internal data, the company could be led to believe that its service is most successful in the 1 to 4 employee band, as 53 per cent of its customers are within that band. However, here it has less than a 1 per cent penetration, whereas with more than 1,000 employees it has nearly 20 per cent penetration.

Further profiling allowed the company to similarly identify the current value of each customer in each sector, the potential total value of each sector and the propensity to purchase for each SIC/ employee band. It also allowed it to put a value on the potential business that lies untapped within its customer base, by using the extrapolated Vehiclefile data on the number of vehicles for each SIC/ employee band. Figure 2.6.2 illustrates this more detailed profile:

Figure 2.6.2 Example of more detailed profiling within a specific SIC



This example of profiling used a combination of company and sales data, as the objective was to quantify sales opportunity by industry sector. Historically, this was the level at which profiling was used in B2B marketing. Recently, however, with the increased use of CRM systems and marketing databases that facilitate the capture and analysis of more data at the contact level, profiling at the personal level is becoming more popular.

Ultimately, it is *people* who buy products and services that are used by other people. The greater our understanding of the individual needs of both the buyers and users, the better we can match those needs – through product development or through marketing communications.

The limitation will always be the availability of both internal and external data. Unlike in the consumer market where you can use geodemographic and psychographic profiling based on a customer's postcode; or you can predict future behaviour using large historic databases of past behaviour, the smaller target audiences, the lack of lifestyle databases and the difficulty in tracking buyers as they move jobs, make profiling at the personal level difficult – though not impossible.

Profiling at the personal level

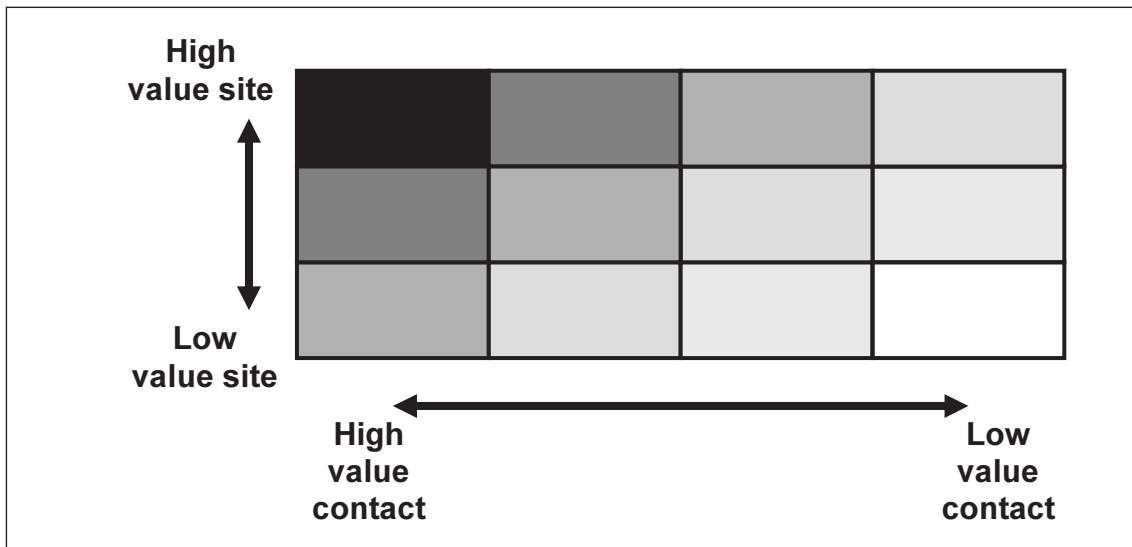
Earlier we considered the number of people involved in the buying process (DMU). Some of them will be decision makers, others will be influencers. Every lead generation campaign we do will include responses from people with a range of influence over the purchase. The greater their influence, the greater their importance to us.

Those same people will work for companies with different potential value. Some will be small, others large national organisations. If we could find a way of identifying an individual's value to us, as a combination of their influence as well as

their organisation's potential value – at the point at which they respond – then we can ensure that they are followed up in the appropriate way.

To do this we need to understand what, for our products, makes someone influential in the buying process. As we know, this changes for different products and for different types of organisations, but by profiling our customer base we should be able to develop a method of scoring every responder by asking a few simple questions. Figure 2.6.3 shows an example value grid:

Figure 2.6.3 Profiling at a personal level – example value grid



Profiling of this nature involves analysis of the relationship between factors such as:

- ✓ Value of site
 - Company turnover
 - Number of employees
 - Business sector
 - Number of PCs on-site
- ✓ Value of contact
 - Job function
 - Job title
 - Role in the purchasing of PCs
 - Number of PCs they influence

Personal profiling for personal purchases

There are an increasing number of B2B purchases where the end-user has a significant influence over the product purchased. Company cars are an example, or mobile PCs and phones. In these instances the users are often the specifiers and direct communication with them is an important component of the customer retention activity.

In cases like this, users behave very much like consumers and, as such, marketing to them follows similar approaches to that used by B2C marketers. However, it is rare, since they are business purchases, to be able to use geodemographic or psychographic profiling, as you do not have access to their personal details. It is possible though to develop specific profile techniques based on what you do know about them, e.g. their job function and the products they have chosen in the past.

Take for example mobile PC users. The Gartner Group has developed the following matrix in figure 2.6.4 for classifying different types of mobile PC user, based on mobility and their reliance on information. Every mobile PC user will fit into one of these boxes. Once you know which box they are in, you can tailor your messaging accordingly.

Figure 2.6.4 Mobile PC user classification matrix

Information Currency On-line ↑ Frequent Occasional/Deferred	Full-time remote		Professional data user, Mobile sales, Service, Support
	SOHO, Telecommuter	Horizontal business user, Data-heavy senior	Airplane warrior
	Independent contractor, Self-employed, Consumer, Student	Day extender, Student	Transportation/dispatch
	Worker Mobility → Fixed Remote Halting Travel On-the-Run		

When business purchases become personal purchases

The majority of businesses in the UK are small businesses employing fewer than five employees and are run by a single manager who is also the proprietor. In these companies, any purchases are made at the express permission of the owner. And since he is the sole shareholder, he is in fact spending his own money.

These buyers, for all intents and purposes, are consumers. They behave like consumers and it is possible to market to them in the same way you would for consumers. If they are home-based businesses, then you may be able to obtain their home address details, as they are held as part of the public record database maintained by Companies House.



A word of caution; while they have the same freedom as consumers – spending their own money with no need to justify their expenditure to others – their motives are different. They wish to make their businesses successful and will go through the same buying process we identified earlier.

The application of segmentation

Segmentation is all about grouping; using the information gained through profiling to divide up the customer and prospect universe into smaller groups depending on the activity.

Due to the complexity of the market and the existence of the DMU, it is very rare, in business-to-business, to use just a single form of segmentation. Usually it is necessary to segment in three or four different ways. However, one form of segmentation is always required, due to the range of potential values that exist in almost all B2B markets.

Segmenting your market by potential value

As this should always be the first layer of segmentation it is worth looking at it in some detail. The key word here is 'potential'. Most companies divide up their customers by how much they are worth, but relatively few do this on potential value. This is partly due to the fact that the process, in itself, requires some investment (in either time, money or both) to quantify:

1. The start point is to allocate a potential value (PV) to each of your customers. If your customer base is relatively small then this can be done for each customer in turn, either by asking the salesforce or by telemarketing, to ascertain the potential total business for your company. For businesses with larger customer bases, the potential value can be researched for a representative sample.
2. The customer base (or sample) is then profiled to find the relationship between potential value, industry sector and number of employees – whichever parameters are relevant. This is then used to allocate a value to the remainder of your customers and to find prospects for each value segment. The number of segments, or value bands, you use will depend on the size of the difference between the highest and the lowest.

The way in which these segments are labelled may well depend on the make-up of each group.

If, for example, all the high potential value companies are national companies, then the term 'National Accounts' is often applied to them. However, care should be taken with labelling, as inaccurate labels will result in companies being placed in the wrong group. The label must reflect the factors that determine the value. For example, if for a cleaning company, multi-site customers offer the greatest PV whether or not they are national, then the classification 'multi-site' should be used.

Everyone in the company should know the segments and what they mean to the business. They should also know which customers fit into which group and what they should do differently depending on the segment.

This segmentation must also be the basis of your new business strategy, as well as form the foundations of the retention strategy. Investment should be geared around the potential return and therefore if you have just one level of segmentation, it must be by potential value.

Other segmentation layers

It is usual to have other segmentation layers, superimposed on the PV segmentation. These might include:

✓ **Vertical segments**

Grouping customers and prospects by business sectors, perhaps using groups of Standard Industry Classification codes. If the need or use of your product or service varies by industry, or if your salespeople are industry specialists, the vertical segmentation would be required. One advantage of using vertical segments is that a lot of B2B media is targeted by industry and so it helps your media planning as well as your sales activity.

✓ **Interest segments**

As we saw when we looked at the decision-making unit, there are lots of people involved in decision making; people with a range of responsibilities and interests. Being able to group the contacts on your database by their interest can be valuable, as it allows you to select a range of contacts to be included in a mailing, or invited to a seminar, by using their interest segmentation.

✓ **Role segments**

In a similar way, you may wish to target users, influencers or buyers only and this may include a range of interest segments or just parts of each segment; it might cover all vertical markets and be irrespective of the value segments.

✓ **Status segments**

Again, perhaps obvious, but you need to know what status your contacts and companies have within the customer cycle. New customers may receive additional attention, loyal customers' additional discount and lapsed or inactive customers may be offered a new incentive.



The potential is almost endless. However, it must be remembered that segmentation has to be maintained on the database. New contacts and companies which have been added need to be classified and this can only be achieved if it is clear what determines their segmentation. If it cannot be determined from readily available information then it will be unworkable. The approach should always be: keep it simple. It is better to have fewer segments and for them to be accurate, than to have inaccurate segmentation.

Targeting – putting segmentation into action

In the introduction, we described targeting as deciding when and how to communicate with various segments. Indeed, the purpose of segmentation is to make targeting easier, more accurate and more effective.

We have also looked at the complexity of the B2B decision-making process, the number of people involved and at the different segmentation models we can employ using company data, organisational data and sales data. As we go through the targeting process it will become clearer why, in B2B, it is necessary to have so many segmentation models, and how much easier campaign planning and execution is as a result.

Having decided to carry out a campaign, there is a process to go through that helps ensure that you are communicating with the right people at the right time and with the right message. The main four steps are:



1. Which companies?
2. Which individuals?
3. What do you want them to do?
4. Which media to use to reach them.

For illustration purposes, let's assume we are planning a campaign for the company selling vehicle communication systems that we looked at during the profiling section. The aim of the campaign is to generate leads for the salesforce to follow up, using the introduction of a new product as the vehicle.

1. Which companies?

The profiling exercise identified which SIC/employee bands had the greatest potential value. These have been classified as large valuable fleets, as the determining factor for their potential value was the combination of a high number of vehicles along with either high-value vehicles or high-value loads.

Three main vertical sectors (combination of SIC codes) were identified – these vertical segments have been labelled 'construction', 'logistics' and 'corporate'. Since the new product has features that are mainly relevant to the management of mobile assets, we shall only include the first two of these three vertical segments.

The new product can be sold to prospects as well as being an upgrade for existing customers, so we shall include the status segments 'existing' and 'prospects', but we will exclude 'new', as they have recently purchased our product.

In this example we have a database of the universe for these segments, but had that not been available, we could have included in the campaign activity to identify potential prospects, either using cold lists, inserts or advertising.

So, to select the companies to be included in this campaign we are using three layers of segmentation: potential value, vertical segments and status segments.

2. Which individuals?

The aim of the campaign is to generate leads, therefore in selecting the contacts to include, we shall focus on those we feel are most likely to initiate investigation into the new product. The product offers benefits that would appeal to those who have an interest in the management of mobile assets. So we select contacts using the interest segmentation.

This means that we may leave out a proportion of the more operational fleet managers if their interest segmentation is different. We know from the profiling that this group includes some managing directors, some finance directors and some fleet managers, but we can include them all in the same campaign, as we know they have a common interest.

3. What do we want them to do?

Given their interest areas, we decide that an appropriate call to action would be to register for a 'free asset utilisation audit'. We want to get in front of people most likely to buy in the next three to six months and we feel that this offer will appeal to those who already have a recognised need to improve the way they manage their assets.

Since the segments will include prospects, we decide that, as they have lower levels of understanding about what we do and what we can offer, they have further to go along the decision ladder, so we shall plan to invest more in that segment in order to achieve our aims.

4. Which combination of media?

Since all the companies we wish to talk to are on our database, we shall use direct media only. The customer segments will receive a direct mail piece, followed by a call from their account managers. The prospect segments will be phoned prior to the mailing in order to confirm that the contact details are still correct; the direct mail piece will be followed by a post-mailing phone call to set the appointment.

Without the profiling and segmentation, planning a campaign like this would not be possible. We would not have known which vertical sectors were most valuable. We would not have known which companies in those vertical sectors to include. We would have had to guess as to which contacts to use and we would have had to include all customers (or manually extract the newer customers). The profiling and segmentation will pay for itself in saved time, saved wasted communication and by delivering a much higher response rate.

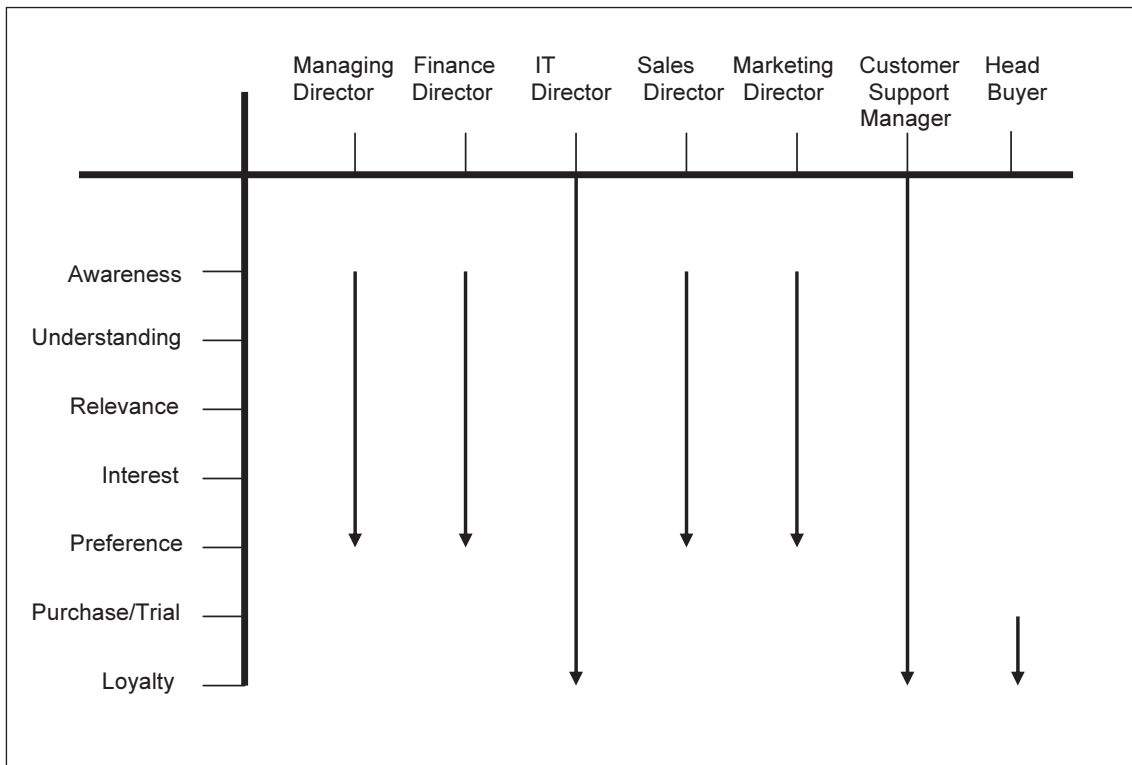
Why B2B targeting is more complex

The existence of the decision-making unit and the length and complexity of the buying process means that targeting in B2B direct marketing can become a hit-and-miss affair. If we do not know the various people who make up the DMU and their role in the decision, and we have not recorded that on our database; or if we haven't segmented by role, then we end up wasting a large proportion of our budget talking to the wrong people – and annoying them with irrelevant communication at the same time. Or we end up missing people with whom we should be communicating.

Not all the members of the DMU need to have spontaneous awareness of our brand. They do not all need to feel loyal to us. What is important is that when it is time for them to play a role in the decision, they are individually at the right phase in the loyalty cycle.

Let's go back to the company considering buying a new CRM system. The members of the decision-making unit are listed in figure 2.6.5 below, showing where they need to get to in order to play their role in the decision:

Figure 2.6.5 The members of the decision-making unit (DMU)



When planning a communication, we need to consider what the objectives are and to select the appropriate contacts. For this example, our awareness activity will be designed to cover the IT and marketing directors. We would then include the other directors and the customer support manager in the direct communication, with relevant messages depending on their interests, and we would leave contact with the buyer to the salesperson. Post-sale we would go back to focusing on the IT and marketing directors, but include the buyer.

Segmentation to facilitate this level of targeting would probably be based on job function and we would use profiling to help us classify people's job function depending on their job title, the company size and industry sector, and the way they describe their involvement in the purchase of these products.

Summary

B2B direct marketing, like B2C, relies on profiling, segmentation and targeting to be effective. The principles are exactly the same:

- We profile to gain a clearer picture
- We use that information to divide up our target audience into segments
- We then select segments to form the basis of our targeting
- The smaller target audiences mean that many of the statistical techniques employed by the B2C marketer are either not required or would not be statistically relevant
- The difference in value between your best and your worst prospect can make it essential to at least segment by potential value
- The higher lifetime values overall provide the justification needed to invest in creating and populating your database with the information you need, to ensure that you are communicating with the right people at the right time with the right message