



Do Your Business Customers Have an Identity Crisis?

Acxiom's **Malcolm Treanor** discusses how to distinguish the characteristics that give your business customers distinction.

Do you give your business clients the same attention as your retail customers, or understand them in the same way? Based on the volume of direct marketing I receive as a home consumer versus the small amount received at work, B2B is likely your marketing plan's 'poor cousin'. Though B2C customers may outnumber their B2B counterparts by a significant percentage, consider the individual value of your business customers – typically much higher, and each transaction of greater magnitude. It therefore makes sense to give them due consideration based on their net worth to your enterprise.

Imagine a customer segmentation team of 12 within a major blue-chip organisation. We would likely find 10 people dedicated to the constant honing of consumer data and two valiant souls, ensconced at bad corner desks under a faulty air conditioning vent, struggling to get abreast of business data.

There have been a number of consumer segmentation tools on the market for some time. Geo-demographic products, such as MOSAIC or Pathfinder Segments provide a descriptive dimension to customer segmentation, combining value with ease of implementation. Similar products have previously been unavailable for B2B segmentation in Australia.

For organisations to better understand and create a more detailed picture of their B2B customers, more information than a company name, address and product purchasing history is required. External, non-transactional data can give your customers a personality, allowing more effective segmentation, marketing campaigns and strategies. Thus far, less business data than consumer data has been available for segmentation, and business categorisation methods have consisted solely of industry classification and company size. But

a new ability to apply higher differentiation levels provides considerably finer distinctions, adding another dimension to customer data analysis and reporting.

To illustrate, traditional segmentation would grade four real estate agencies in one industry vertical, or according to size, dictating an homogeneous approach to marketing. However, Acxiom FirmographicX™, combines the key business factors of geography, competitor activity, business size, maturity and activity type in a single variable to remove the need for multiple dimensions and introduce a clear and simple picture of the customer:

- R J Black: An office within a large chain, classified as a 'Professional Chain'
- Sarah Jones: A small, single office, 10 years old and located in a 'high demand' area is 'White Collar Established'
- Corbin & Holden: Initially echoing the characteristics of Sarah Jones, the difference lies in duration of establishment – under one year versus 10 – identifying the business as 'White Collar Dynamo'
- Parker J & Co Pty Ltd: A small, independent business, established five years in a rural area with little competition, and classified under 'Everyday Essentials'.

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Our agencies have become individual entities with distinctive personalities, revealing differing operational, purchasing and competitive characteristics that allow us to engage each of them differently when marketing. For our two battling data analysts in the cheap seats, additional data has been scarce because existing operational systems and customer service teams simply don't col-

lect it. Accessible data is acquired haphazardly, related to other initiatives, without consideration for the specific business segmentation requirements.

Gaining insight to recognise both your customers' similarities and individuality through the use of effective, data-driven segmentation is vital to your classification abilities. It quickly enables better understanding of your business customers, resulting in more effective targeting and compelling communication. It also provides a strategic marketing framework from which to undertake market sizing, customer value assessment, cross-sell, up-sell and reactivation opportunity identification, and channel management planning. Giving your customers a personality enables the development of more audience-relevant product bundles and creative offerings.

The segment-centric approach, used to great effect by B2C marketers for many years, can now be employed by B2B to improve marketing effectiveness, increase return on investment and dispel the theory that volume outweighs value when it comes to customer data. Perhaps then our two-man business segmentation team may find their status sufficiently elevated to warrant relocation to better desks with a harbour view.

Acxiom FirmographicX is a segmentation system that categorises Australian businesses into 13 distinct groups based on key variables that significantly influence business behaviour. A higher level of differentiating power provides greater distinction than classical segmentation models that rely on industry classification and company size alone. As the global leader in customer data management, Acxiom makes information intelligent. Our enterprise information solutions help the world's leading companies increase revenue, reduce cost, improve profit and lower risk. Our lines of business include: Data, Data Services, Customer Data Integration and Customer Management Solutions. Visit: www.acxiom.com.au.