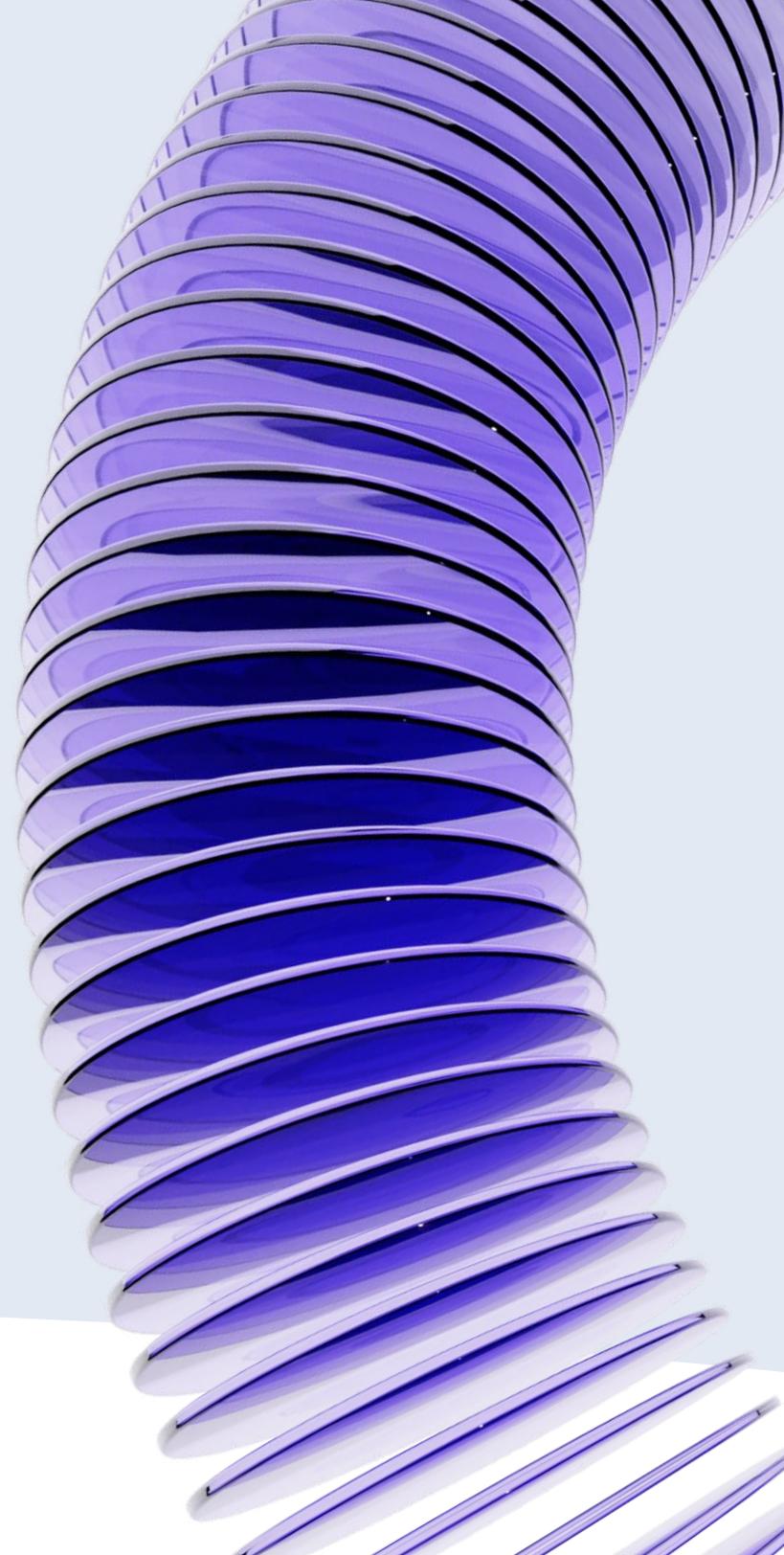EBOOK

The Market Segmentation Playbook

The art and science of dividing
accounts into groups for customized
sales and marketing experiences

DEMANDBASE

Table of Contents

DEMANDBASE

Get Ready: Introduction

Use precision brushes, not paint rollers

You could attempt to paint a masterpiece using a paint roller. But why would you? You would want precise paintbrushes to get to the finer details, right?

The same could be said about attempting to pull off a marketing strategy with no particular audience in mind. Applying broad strokes to penetrate an indiscriminate set of buyers might be quick and easy. But you'd be expending resources on people who aren't in-market to buy and aren't qualified to buy what you have to offer.

Put down that albatross of a paint roller and grab hold of a precision detail brush.

When you're more precise in your application—focusing on the specific audiences that show a demonstrated interest in your product or service—you're likely to accomplish more successful (and pleasing) results.

DEMANDBASE

Let's dig in

A state-of-the-art ABM practice calls for identifying target accounts using firmographics, predictive analytics, and behavioral data. And we can use some of the same data characteristics to segment our list of accounts into more focused audiences.

Strategic audiences are an essential component of your overall marketing and sales strategy, driving prodigious ABM success and, most importantly, impacting the bottom line.

In Sections 2 and 3 (**Your Target Account List** and **Build Your Segments**), we address how to build a list of initial target accounts, bring it to maturity, and divide it into a number of smaller audiences.

Then, in Section 4, **Campaigns Based on Behavior Segmentation**, we dive deeper into using behavior-based data for building targeted audiences.

We wrap up in Sections 5 and 6 (**Six Best Practices for Segmentation** and **Closing Thoughts**) with tips to build a topnotch segmentation strategy and some final inspiration to keep your eyes on the prize.

A note on harnessing technology.

Recent advancements in actionable artificial intelligence (AI) and machine learning have opened new capabilities for our advertising, marketing, and sales programs.

Today, we can set our sights higher–engaging the right accounts with the right content at the right time by using the power of firmographic data, predictive analytics, and behavioral data.

By leveraging these data signals, we can build segmented audiences and align our messaging to milestones in the customer journey.

DEMANDBASE

Identify: Your Target Account List

Before you can identify your segmented audiences, you'll first need to build your target account list (TAL), which are the accounts that are truly worth pursuing and the group of accounts on which sales and marketing will focus all of their outbound efforts.

Focusing on the right accounts makes all the difference between building an efficient ABM strategy and spending time and resources on companies that will never buy from you. Your list of accounts is layered. The deeper you get, the more targeted your audience.

Give your TAL a name. This list will be the unifying force in your company, helping your revenue teams work together for a common goal.

Once you establish your TAL, you can identify your most valuable prospects, which you can segment into smaller audiences. Your segmented audiences can represent more granular opportunities, like accounts that are active in the sales cycle or customers to whom you can upsell.

Start with your existing list

The good news is that revenue teams innately understand the value of addressing key audiences, and your organization likely isn't pursuing your total addressable market (TAM) with its eyes closed. You probably already have a list of "named accounts" or "strategic accounts" to which you want to sell.

This is a great place to start. You can create your initial TAL using these accounts. Later, you can increase the size of your TAL to include a greater scope of accounts that represent your best opportunities, and then segment it deeper for your key accounts.

35%
of marketers

say they suffer from inaccurate targeting, according to Forrester. Establishing a thoroughly vetted TAL in your ABM strategy will help you dominate your B2B.

DEMANDBASE

The different segments of a market

Within your total addressable market there are five segments, which each get smaller and smaller in size.

While the accounts in your target market are those that fit your customer profile, this list is too large to address in a meaningful way. When you narrow your focus on your target accounts and the smaller segments, you identify the accounts that are worth pursuing and that you can pursue properly.

Focusing on the right audience is the cornerstone of account-based marketing. When revenue teams address their market through segmentation, they can build a B2B program that's a stroke of genius.

TAM

Target Market

Target Accounts

Engaged Accounts

Opportunities

Customers

Expand and maintain your TAL

As your ABM practice matures and your business changes, you'll want to expand your initial TAL to include more than just your strategic accounts. How big your list should be depends on factors like the length of your sales cycle and how many sales reps you have. It's unique to your business. Use our modeler to calculate your ideal TAL size.

Grow your list carefully and deliberately over time. As you progress, your list should get larger, and more of your revenue should come from it. You don't want to miss out on new opportunities, but you also don't want to stuff your list with too many unqualified accounts. Yuck.

Give sales teams the right tools

At Demandbase, we give our sales teams the ability to add or disqualify accounts on the TAL through our CRM platform. The enterprise team can add up to 15 accounts, and our mid-market team can add up to 30. We audit their changes to make sure we don't stuff the TAL with accounts that shouldn't be there.

DEMANDBASE

Three methods for identifying target accounts

You can use three methods to update your TAL: ideal customer profiling, predictive modeling, and behavior-based targeting. When the time comes, you can use any of these methods alone or in combination.

1

Ideal customer profile (ICP)

Ask yourself, who's your best customer? (It's OK, we all have one, and no one else needs to know.) Now, wouldn't it be nice to clone them?

That's what the ideal customer profile (ICP) is all about. It's a set of characteristics that makes up your prototypical company. It factors in experiential information from your sales reps and firmographics you obtain from your CRM. So the better your data, the more accurate your ICP.

The worksheet on the following pages lists ICP characteristics that are preferred by B2B companies. You can use it to qualify or disqualify any account from your TAL. The end of the worksheet has room for more characteristics you might want to add, reflecting the nuances of your business.

2

Predictive analytics

As we mentioned at the top, the advent of sophisticated technologies has propelled the power of ABM. Through the power of predictive technology, you can identify additional accounts to add to your list without diluting your ABM strategy's success. Predictive analytics can leverage your CRM data to identify your existing accounts' characteristics and then pair that data with algorithms and machine learning to determine the likelihood of future outcomes for other accounts in the market.

Whew, that was a mouthful. Simply put: Predictive analytics can help you identify the companies that are likely to be your best opportunities based on your current outcomes. Better.

One more thing: Predictive analytics tools are data-driven and highly depend on the quality of your CRM data to identify your existing market. You may not be able to identify net-new buyers from the results, but you can generate a valuable list of companies with a propensity to buy.

Three methods for identifying target accounts

(Continued)

3

Behavior-based targeting

Identifying intent and engagement is the most sophisticated way to select your best-fit accounts. And it's ABM's secret sauce for program performance. The most successful B2B teams have figured this out, and their TALs include accounts showing promising behavioral signals across first- and third-party data.

By harnessing real-time ABM data insights, we can build audiences composed of our hottest accounts, using personalization to inform how they discover our brands as soon as they're in-market. And we can drive how they progress along their path to purchase.

OK. So now that you've got your TAL down, you'll want to start building your segmented audiences. Read on to learn how to pull off segmentation using the insights you've gathered thus far.

A note about smart data

Behavior-based targeting requires good quantitative data, but it doesn't need to come from your CRM. At Demandbase, we've built software that does it more effectively. Our Qualification Score and Pipeline Predict scores use the power of AI and big data to identify and prioritize accounts that matter most. Qualification Score helps identify accounts that fit your ICP, while Pipeline Predict looks at behavior patterns that lead to an account becoming an opportunity.

Checklist:

Identify your target accounts

There are three methods you can use to update your target account list: ideal customer profiling, predictive modeling, and behavior-based targeting. When the time comes, you can use any of these methods alone or in combination.

This worksheet lists ICP characteristics that are preferred by B2B companies. You can use it to qualify or disqualify an account from your TAL. At the end of the worksheet, there's room for more characteristics you might want to add, which reflect the nuances of your business.

Section 1: Common ICP considerations

The account's qualification score is at least the minimum required.

Yes ⬤   No ⬤   Account score: _____   Ideal range: _____

The account is not already a customer.

Yes ⬤   No ⬤

They are within the ideal size and industry.

Yes ⬤   No ⬤

Industry: _____   Ideal industry: _____

Annual revenue: _____   Ideal annual revenue: _____

Employee size: _____   Ideal employee size: _____

Your services align with the account's business objectives and goals.

Yes ⬤   No ⬤

Your services align with the account's strategic direction.

Yes ⬤   No ⬤

You provide a product, solution, or service that the business needs.

Yes ⬤   No ⬤

There are no recent marketplace shifts that would disqualify the account.

Yes ⬤   No ⬤

The account is not disqualified by sales.

Yes ⬤   No ⬤

Other: _____

Yes ⬤   No ⬤

DEMANDBASE

Checklist:

Identify your target accounts

Section 2: Characteristics that promote brand loyalty

Does the business share similar key pain points?

Yes ⬤   No ⬤   Description: [   ]

Does the business share similar customers?

Yes ⬤   No ⬤   Description: [   ]

Does the business share similar competitors?

Yes ⬤   No ⬤   Description: [   ]

Does the business share similar values and causes?

Yes ⬤   No ⬤   Description: [   ]

Does the business share similar products and solutions that you own?

Yes ⬤   No ⬤   Description: [   ]

Does the business share similar internal functions, operations, and teams?

Yes ⬤   No ⬤   Description: [   ]

Other?

Yes ⬤   No ⬤   Description: [   ]

Other?

Yes ⬤   No ⬤   Description: [   ]

DEMANDBASE

Create: Build Your Segments

A brief history of segmentation

Trivia buffs, this one's for you:

Wendell Smith was the first to propose that market segmentation, rather than product differentiation should be at the heart of strategic decision making.[1] (As such, he's considered to be the father of market segmentation.)

That was way back in 1956. If you think we've come a long way since then, we'd agree. After all, placing segmentation front and center of our B2B strategies has become standard practice. It's the first step in being able to communicate with our audiences in relevant and meaningful ways.

Then why, according to the Harvard Business Review, is market segmentation tied to the failure of product launches in America?[2] Because even though segmentation is a no-brainer, many organizations are not using it to provide a clear direction for their goals. This section delves into helping you invest in segmentation wisely.

1. Source: Smith, Wendell R. (1956). Product Differentiation and Market Segmentation as Alternative Marketing Strategies. Journal of Marketing, volume 21(1), 3-8

2. Source: Schneider, Joan; Hall, Julie (April, 2011). Why Most Product Launches Fail, Harvard Business Review.

DEMANDBASE

Market segmentation begets personalization

An audience is a segment of your company's target accounts, and it's tied to a marketing initiative. For example, accounts can be prospects, customers, and accounts that attended a webinar, or even accounts that are in a sales rep's territory.

Once you've built your audiences, you can rank them from high to low priority and focus on creating personalized resources based on their priority level.

Lower priority accounts might be great for one-to-few or one-to-many personalized ABM campaigns, while one-to-one marketing methods can be reserved for your highest priority accounts.

The sweet spot of segmentation

The most successful Demandbase customers focus on just four to five key segments at a time. Operationally, it's tough to serve up personalized experiences to more segments than that.

For example, let's say you've built seventeen different experiences for seventeen different segments. When you slice your audiences that thinly, you often end up with sample sizes too small for any meaningful performance data, so decisions about what works and what doesn't may prove difficult. Moreover, accounts that fit into so many segments don't typically represent your best opportunities.

52%
of marketers

say they customize experiences based on the challenges and needs of the account.[1]

10-30%

More contextual, immersive, and relevant experiences can **increase marketing spend efficiency by 10 to 30 percent.**[2]

Effective segmentation

A handful of manageable key segments can represent your best opportunities, on the individual and account level. And that's exactly what you want. Here's an example of effective segmentation:

Example 1: Current customers who've bought Product A but not Product B.

Example 2: Prospects who've visited three solution pages.

Example 3: Prospects who are in the healthcare industry.

1. Source: Demand Gen Report's 2019 ABM Benchmark Survey

2. Source: Target Marketing Magazine

DEMANDBASE

Common segmentation approaches

While you can always leverage the data from the targeting methods you used to identify your TAL to segment your audiences, you can also include more in-depth approaches. Here's a list of six characteristics typically used by B2B marketers to create segmented audiences.

1

Industry

Targeting industry verticals is one of the most common ways B2B companies approach their markets, and one of the most successful. Why? Because industry verticals tend to have unique and specific attributes, pain points, and goals.

For example, financial services companies tend to be more conservative and often focus on compliance issues. Whereas manufacturing companies typically care more about cost and time rather than value. And retailers care about maximizing loyalty to customer lifetime value, while software and technology companies are laser-focused on innovation and product adoption.

> **Making an impression**
>
> We typically get just one chance to make a good impression. Focusing your strategy on the industry-specific issues experienced by your accounts is a great way to demonstrate that you know what matters to them and that you offer solutions for their particular needs.

2

Company size (employee size or annual revenue)

Mid-market companies typically face challenges that differ significantly from those faced by small businesses or enterprise organizations. They also have different buying committees, sales cycles, and decision processes.

What's more, mid-market tech companies may be focused on productivity gains, while enterprise tech companies may have their sights set on deeper investments in machine learning. Small business tech companies, on the other hand, are often concerned with creating scale.

Just as with industry, you can align your offerings and messages to organization size and use it to shape your segmentation strategy.

Common segmentation approaches

(Continued)

3

Journey stage

Understand where your accounts are in the buyer's journey. The messaging that resonates the most with companies that are just becoming aware of your products and services can look very different from the messaging that's addressed to accounts who've been engaged with you for some time or are just about ready to pull the trigger.

Content can play different roles at different stages in the buying cycle, from a whitepaper that defines an industry problem (awareness focused), to data sheets that describe your particular value proposition (engagement focused), to an RFP checklist (consideration focused).

Oh, and if you're ready to double-down on a customer-journey-focused segmentation strategy, then start with a customer journey map. It will illuminate your account's experiences and how best to reach them where they are at in the buying process.

4

Product usage

Segmentation by product usage is particularly useful for developing engagement strategies that advance cross-sell and upsell opportunities. For example, if you know you've sold a customer a printer, then an obvious follow-up to their customer experience would be to present them with an offer on their next ink purchase.

DEMANDBASE

Common segmentation approaches

(Continued)

5

Prospect/Customer/Partner

Whether you're trying to land new business, expand opportunities with a current customer, or deepen ties with a partner, you'll want to create relevant and targeted messaging that resonates with each type of relationship. Prospects may need to know more about who you are and what you do, while customers may respond well to special upsell offers. Partners, on the other hand, might be motivated by reminders of your position as an industry leader.

6

Intent

Intent-based segmentation approaches are becoming increasingly popular because they are so powerful. We've seen that building audiences around accounts that are researching your brand, topics relevant to your business, or your competitors is a highly successful approach. We'll spend more time on this in the next section, **Campaigns Based on Behavior Segmentation**.

Simple, multi-attribute, and advanced segmentation

Organizations can use one or more segments, alone or in combination, to form simple, multi-attribute, or advanced segmentation strategies.

To the right is an example of simple segmentation with one primary segment: industry. The segment has three unique attributes: software and technology, healthcare, and financial services.

Simple segmentation

Segment	Attribute
Industry	‣ Software and Technology ‣ Healthcare ‣ Financial Services

Here is an example of multi-attribute segmentation. In this case, the companies we want to target are either in software and technology or healthcare, with medium or high volumes of web traffic. They use specific marketing technologies and are headquartered in either Canada or the US.

Multi-attribute segmentation

Segment	Attribute
Industry	‣ Software and Technology ‣ Healthcare
Web Traffic	‣ High ‣ Medium
Marketing Tech Used	Analytics: Adobe or Google Analytics, and MAS: Eloqua or Pardot
Geography	‣ US ‣ Canada

DEMANDBASE

As your ABM practice matures, you may progress to more advanced segmentation that uses multiple criteria like those described in the following table.

Advanced segmentation

Basic Criteria	Basic Criteria + Fit	Basic Criteria + Fit + Timely Event
‣ Revenue ‣ Headcount ‣ Region ‣ Industry	‣ Demonstrating a need ‣ Showing interest in our value proposition	‣ Researching relevant topics ‣ Engaging with site content ‣ Presence of a buying committee

We recommend starting with just two or three targeted segments. But if you are in a large, complex marketing department, then you may already be in the throes of executing across many segments. Here's an example of a multi-attribute segmentation strategy built for eight disparate sub-segments, along with example goals for each.

Segment	Subsegment	Goal for this segment
Enterprise Customers	Retail	$2M in pipeline this quarter
	FinServ	Increase engmt by 25% this half
	Other	Increase web visits by 30% this half
Enterprise Prospects	Retail	Add 16 net new logos to pipeline this quarter
	FinServ	Increase engmt by 15% this half
	Other	Increase web visits by 15% this half
Mid-Market Customers	Product A Users	$8M upsell to Product B this year
	Other	Create $5M in upsell opportunities this quarter

DEMANDBASE

Segments prioritized

Whether you want to launch campaigns against eight subsegments, like in the previous example, depends on access to resources, ability to execute, and budget. If you're like most marketers, you can only go after a few segments because of budget limitations. Remember: You'll want to ensure you're focused on the segments that represent your best opportunities no matter which approach you use.

Consider the following characteristics when prioritizing your segments:

Revenue potential Identify the accounts that are likely to spend more, either through initial purchase or upsells.

Resources required Focus on accounts that won't cost so much to close.

Journey stage Consider that accounts lower in the funnel will close faster.

Sales and support history: Nurture the accounts with which you have good relationships.

Engagement Accounts that have engaged with your brand (i.e., first-party engagement) are easier to convert. For example, hone in on accounts with individuals who have attended an event, have popped into your targeted ads, or have been to your website. (Engaged accounts are those that are lower in the funnel.)

Intent Identify the accounts that are consuming third-party content online related to your products and services. For a deep dive on the power of intent, check out our eBook Intent is the New Lead.

Firmographic fit Look for accounts with the right demographics and geographics, including characteristics like number of employees, number of clients, industry, technologies used, type of organization, and location.

DEMANDBASE

Checklist:

Vet your segmentation approach

Once you settle on a segmentation approach, put a critical eye to it. Use this segmentation checklist to determine the viability of each segment.

If the answer to any of the questions is no, then revisit your strategy until you arrive at a model where each segment is uniquely differentiated and includes your best opportunities.

Segmentation Health Check

Are the segments different in meaningful ways?

Yes ◯   No ◯

Are the segments large enough? (Have you segmented a segment too thinly?)

Yes ◯   No ◯

Does each of your target accounts clearly fall into one segment or another?

Yes ◯   No ◯

Do you have enough bandwidth to tackle all of the accounts in the segments? Are they manageable?

Yes ◯   No ◯

Do the segments you've chosen represent your best opportunities?

Yes ◯   No ◯

Are your solutions for them uniquely differentiated from the competition?

Yes ◯   No ◯

Can you make significant and profitable inroads into the segments?

Yes ◯   No ◯

Do the segments represent growth opportunities?

Yes ◯   No ◯

DEMANDBASE

Checklist:

Vet your segmentation approach

Segmentation Health Check (Continued)

Are they industries, categories, or companies that will expand over time?

Yes ⚪   No ⚪

Do you need to do more research on the key pain points and challenges for your chosen segments? (Likely, the answer is yes. That's a healthy response. Stay abreast of current industry trends to demonstrate you understand what your customers care about. Regularly monitor the intent of the buying team in your target accounts.)

Yes ⚪   No ⚪

Have you identified the goals, needs, and motivations among buyers in your segments and how your solutions help to achieve them?

Yes ⚪   No ⚪

Is there proof that your offering is a good fit for your chosen segments? Do you already have customers in the segments on which you've chosen to focus?

Yes ⚪   No ⚪

Have you run your segmentation strategy past sales leadership. Do they agree that these are the segments that represent the best opportunities for your business?

Yes ⚪   No ⚪

Do you have a process in place for iterating or updating your segmentation strategy regularly?

Yes ⚪   No ⚪

DEMANDBASE

Identify: Campaigns Based on Behavior Segmentation

You're probably used to seeing customer journey maps where awareness (the point in the buying cycle where the account is aware of and is researching your brand) is depicted as the first stage, right? But there's something that happens before awareness that's crucial to customer acquisition, and that's intent.

In Sections 2 and 3, we introduced how you can use intent to expand and maintain your TAL and segment audiences. In this section, we dig deeper, addressing how you can build a personalized strategy across the account journey by focusing on intent signals.

The fact is, buying activity (intent) is happening even before prospects are aware of and show interest in your business. You want to reach them at that moment—when they first enter the buying process—and then nurture their experience with your brand throughout their journey.

B2B cycles

B2B cycles are getting longer and involve increasingly more stakeholders. That is why companies that wait for the awareness and interest stages to hit (e.g., waiting for leads to come in through form fills) simply don't enjoy the same close rates as those that get in early—by leveraging intent.

DEMANDBASE

Behavioral data for journey-aligned campaigns

Firmographic segmentation and predictive analytics are effective approaches for developing content that's relevant to a particular segment. However, these approaches don't help you understand what content and offers are the most appropriate at any specific moment, from intent and conversion to loyalty and advocacy.

For effective B2B performance, you'll want to craft timely campaigns and programs that align with the account journey, thereby creating stronger connections with your customers and prospects. By using AI and machine learning technology, we can identify behavior through third- and first-party data that will inform the content of your personalized marketing programs.

48%
of marketing teams

are expected to organize their strategies around the customer journey in 2020, up from 18% in 2019.[1]

35%
of B2B marketers

are expected to make use of intent data in 2020, up from 25% in 2019.[2]

Three types of behavioral data you can leverage

1

Purchase intent

If an account is behaving online in a way that signals they're interested in products and solutions relevant to your business, they are showing purchase intent. For example, if your offerings include specific network solutions, and you can identify accounts that are consuming content online around "security software" or "cybersecurity platforms," the odds are that these accounts are good prospects for you.

Building audiences around accounts that demonstrate purchase intent is a great way to narrow the field and focus on accounts representing your best opportunities. Accounts showing purchase intent typically represent a broad set of accounts that have demonstrated interest in all of the terms that are relevant to your offerings.

1. Source: Demand Gen Report's 2019 ABM Benchmark Survey

2. Source: Target Marketing Magazine

DEMANDBASE

Three types of behavioral data you can leverage

(Continued)

2

Keyword intent

Keyword intent is a more specific classification of intent. It's worth your while targeting, advertising, and nurturing accounts according to their particular level of interest. For instance, you may want to deliver different messages to accounts showing interest in "network infrastructure" than you might to those showing interest in "cybersecurity." Using an ABM platform to identify accounts demonstrating general intent is a great place to start. Further, focusing your messaging strategy on trending keyword intent is the next logical step.

3

Engagement

Once an account has experienced your brand (e.g., opened personalized ads or went to your site), it's beneficial to segment it according to its level of engagement. The degree to which your account has engaged with your site content is an excellent indicator of where it is in the buyer's journey. Additionally, the degree to which they are engaged with your brand overall is an excellent indicator of what you should do next.

Has an account recently become aware of your brand?

Nurture your budding relationship. You'll want to deliver messages that reinforce your brand value.

Has an account already visited your high-level product and solution pages?

Now's the time to deepen your relationship by offering how-to or best practice content.

Is an account signed up to receive content newsletters?

Weave in middle- and bottom-of-funnel types of marketing plays, like webinars and field event invitations, to deepen the relationship.

Has an account downloaded an eBook or whitepaper?

Excellent! You're ready to differentiate your brand by offering third-party validation, like analyst reports touting your position in the marketplace.

DEMANDBASE

Example: Campaigns based on behaviors

Arguably, some of the most valuable data you can gather on an account is what they are interested in and how deeply they are engaged with your brand … right now. This is so valuable because it signals to you what behaviors you'll want to drive next and what your campaign objectives should be.

Let's focus on site engagement as an example:

Observed Behavior	Desired Behavior	Campaign Objective
Offsite purchase intent	Come to the site	Increase awareness
Site visit	Consume more content and stay longer	Increase engagement
Engaged on site	Enter sales pipeline	Increase conversion

Behavioral segmentation also helps you to determine what your content offers and messages should be, and how you'll measure success.

Observed Behavior	Desired Behavior	Campaign Objective
Come to the site	Thought leadership, webinars, eBooks	Increase target accounts on site, visitors/account, and visits/account
Consume more content and stay longer	Whitepapers, how-to videos, live events	Increase page views and session times, decrease bounce rates
Enter sales pipeline	Analyst reports, best-practice guides, RFP templates	Increase MQLs, SALs, pipeline opportunities

DEMANDBASE

Final thoughts on why behavioral data is so important

Firmographic data describes an account. Behavioral data tells marketers what is going on with an account in real-time. The most successful ABM teams we see are those that fully leverage both types of data to build audiences and execute timely programs against them.

B2B leaders don't wait for form fills to gather data on an account. They let AI and machine learning uncover earlier insights for them. They don't guess as to where an account is in their customer journey. They let engagement data tell them.

By harnessing the power of technology, B2B leaders can demonstrate that they understand their specific business needs and where they are in their customer journey instead of relying upon one-size-fits-all messaging and content.

Customer's Journey

This is the journey map we use at Demandbase. We use our ICP and the power of technology to identify how an account is experiencing our brand, and we use this information in our market segmentation:

Disqualified

Expansion
Won

Customer
Recycle

Customer
Engaged

SQL
Opportunity

Pipeline
Opportunity

Engaged

MQA

No
Engagement

Aware

DEMANDBASE

Review: Six Best Practices for Segmentation

1

Practice total TAL management

Don't manage your target account list in isolation, and don't let it get stale. Campaign managers, field marketers, digital marketers, marketing and sales operations leaders, and sales development leaders should be a part of your ABM Leadership Team and meet regularly to review your TAL.

As your business changes with the addition of new products and solutions, your TAL can grow. As you learn more about the accounts on your list over time, you can weed out those accounts that haven't proven to be a good fit. And as your ABM practice matures, your list should grow and become more focused. In time, a higher percentage of revenue should be coming from target accounts.

2

Be smart about segmentation

Don't try to be all things to all accounts with one-size-fits-all campaigns and experiences. The greater degree to which you can personalize your programs, the more success you'll have. Your customers and prospects expect messaging that's relevant to their industry, business, and unique needs. That means using firmographic data, predictive analytics, and behavior-driven data to build and refine your segmentation approach, so you remain relevant and can build meaningful relationships with your customers and prospects.

3

Lean on intent

At Demandbase, we are fond of saying intent is the new lead. With purchase cycles getting longer and involving more stakeholders, it's important to reach out to accounts early in the process—not just when they complete a form, but when they show off-site intent: when they begin researching topics relevant to your offerings. You can build audiences around those accounts, share them with your sales teams, include them in your ad campaigns, and launch multi-channel ABM plays. Then, hone your messaging further by focusing on keyword intent to differentiate your business.

DEMANDBASE

Review: Six Best Practices for Segmentation

4

Deliver timely, relevant experiences

Instead of delivering generic messages around your brand, deliver relevant experiences around your audience's key interests—and strike while the iron is hot!

Don't waste time, energy, or advertising dollars on accounts that aren't in-market. Even if you are focused on the right audience, you don't want to blow your chances with them by sending the wrong message.

Customers and prospects want to know that you understand their business and feel their pain—while they are in pain, not after they've just bought a competitive solution, realigned their interests, or updated their business model to meet market conditions.

5

Deliver insights to sales in real time

If an account is surging on key terms that are showing buying intent, you probably won't want to launch an email campaign or personalized ads as follow up plays. Instead, marketing should share real-time alerts with sales. That way, sales can reach out immediately to those accounts with one-to-one interactions. What's more, if sales is armed with knowing what those key terms were that the account was surging on, then their outreach can be even more effective.

DEMANDBASE

Review: Six Best Practices for Segmentation

6

View your strategy from a journey-based lens

Developing audiences around firmographic criteria is great. It helps ABM teams deliver the right content to the right accounts. But developing audiences around the account journey is a game changer. It helps ABM teams to deliver the right content to the right accounts at the right time.

Here's a simple yet effective approach:

1. **Reignite stalled accounts.** Consider which ad messages are best for in-market accounts that haven't been to your site in the last 90 days.

2. **Create an audience of engaged accounts.** Identify those with at least three page views, and develop content that further engages them and keeps them interested.

3. **Develop content for the long game.** Because B2B sales cycles are so long, be aware that you may have to keep audiences engaged for quite some time. Be prepared to develop sophisticated content strategies that not only keep them engaged, but to deepen their relationship with your brand.

4. **Create an audience of MQLs.** When it comes to increasing pipeline opportunities, create an audience around your marketing-qualified leads and target them with case studies and third-party validation that will pull them over the fence.

DEMANDBASE

Closing: Keep Your Eye on the Prize

How do you know if you've nailed your market segmentation strategy?

Just like any work of art, it requires analysis of all the formal elements. You have to step back to see the full picture and lean in to see the finer details. In the world of ABM, it comes down to tracking your performance.

Upper- and mid-funnel metrics like awareness and engagement are good early indicators of whether accounts are likely to turn into revenue. The final test of your audience strategy is what percentage of your audience makes it into the pipeline, and what converts into closed/won business. Don't forget to analyze the success of your audience strategy against other business outcomes like average deal size, total annual revenue, sales velocity, and retention.

The better you get at defining audiences around your best opportunities and moving them through the account journey, the better the business outcomes you should see. Isn't that a pretty picture?
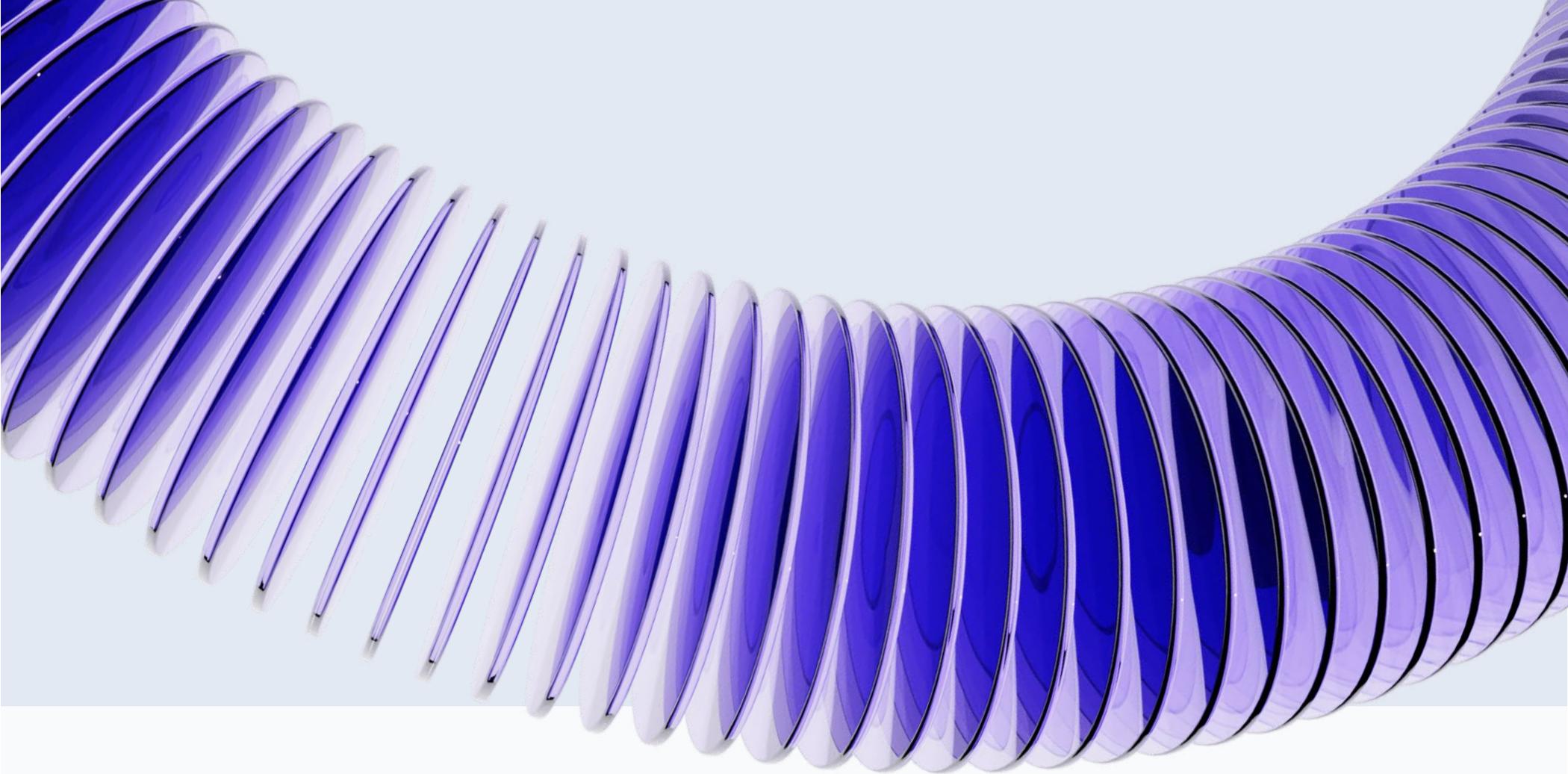
Get a demo.

Demandbase One is the only ABM solution that connects everything sales and marketing teams need to win in today's B2B landscape.

See for yourself how Demandbase uses first-party data, third-party data, AI, and machine learning to help you easily segment your audiences to close more deals, faster.

Schedule a demo today

DEMANDBASE

DEMANDBASE

Demandbase is the leading account-based GTM platform for B2B enterprise sales and marketing teams, designed to make every moment and every dollar count. That's because when the stakes are high, aligning revenue teams to act with precision and confidence is the difference between crushing the quarter or falling short. Since creating the category in 2013, Demandbase continues to revolutionize the way B2B companies go to market with AI-powered insights and industry-leading impact.

For more information about Demandbase, visit www.demandbase.com.