Introducing The Insights-Driven Targeting Spectrum

How Sales And Marketing Can Use Insights To Identify And Convert High-Potential Accounts

To optimize the targeting of prospective buyers, B2B organizations must invest in establishing proprietary insights that drive growth, increase sales productivity, and ensure effective marketing resource decisions. Marketing and sales teams must use a structured and data-driven approach to targeting accounts to ensure the organization's success. When evaluating the appropriate level of insights-driven targeting investments, marketing and sales leaders must consider complexity, resources, and maturity. In this report, we introduce the Forrester Insights-Driven Targeting Spectrum and provide a comprehensive view of six sequential capabilities required for organizations to more effectively target buyers as well as guidelines to ensure evolving levels of data maturity.

Investments In Better Targeting Directly Impact Business Performance

Annual planning often lacks the necessary depth of insights that accurately define and target the market, prioritize accounts, and create optimum territories for sales reps with achievable quotas aligned to opportunity potential. Additionally, marketing is often misaligned with sales and applies resources against different targets. Luckily, the landscape is changing. Advances in technology and processes enable B2B organizations to precisely pinpoint past buyers as well as buyers who are likely to purchase the organization's offerings in the future and the potential worth of those opportunities. Organizations should invest in insights so that marketing and sales teams are better enabled to more effectively approach targeting for the following reasons:

- **Poor targeting data affects organizational productivity.** Forrester's 2017 Sales Planning Study of global sales leaders found that 32% of sales organizations estimate that they lose at least one month of productivity reevaluating account/territory assignments, and 34% modify quota, compensation, or account assignments after initial implementation — which often takes two months or more to complete. One cause is that initial assumptions were not data driven. Organizations that tap into the right data can more efficiently create territory assignments and enable sales representatives to start finding and closing deals right away.

- **Insights-driven capabilities influence the bottom line.** Companies that claim to have advanced insights-driven business capabilities are 1.9 times more likely to report double-digit year-over-year growth than firms that are still at the beginner stage as reported by global data and analytics decision-makers in Forrester's 2020 survey. One key insights-driven business capability is targeting optimization. This is the data-driven identification of targets that are ideal for an organization's offering(s) in the coming year, equitably distributed across territories, and dynamically adjusted as opportunity potential changes. Optimized targeting drives more effective resource allocation, faster cycle times, higher win rates, and larger deals. In addition, proprietary insights are not easily replicable and should be a competitive differentiator.

- **Marketing and sales organizations improve growth by aligning on targets.** B2B organizations with aligned revenue engines grow 19% faster and are 15% more profitable, according to Forrester's 2015 Economics of Alignment Study. An aligned revenue engine includes marketing and sales agreement on targets and specific

The Insights-Driven Targeting Spectrum

Granular Decision-Making →

Market Alignment		Account Selection		Territory Optimization	
Market Segmentation/ Sizing	**Market Fit**	**Account Fit**	**Account Opportunity**	**Coverage Strategy**	**Dynamic Territory Management**
AI-driven segments with several attributes and market sizing	Executive-driven process and established criteria for selecting segments	AI-driven predictive scoring against ideal customer profile (ICP) drives prioritization; updates as needed	Predictive modeling of opportunity potential	Predictive account-level share of wallet defines strategy	Frequent changes based on wide range of AI-driven signals
Firmographic subsegments based on a limited set of attributes; market sizing uses third-party data	Additional qualitative factors combined with sizing data used to select segments	Simple ICP based on limited set of attributes drives prioritization; scheduled updates	Bottom-up account sizing according to modeled opportunities	Modeled account-level share of wallet defines strategy	Quarterly changes according to buyer signals; some AI-driven signals
Basic firmographic segments; market sizing lacks third-party validation	Sales manager prioritization	Sales manager prioritization; infrequent changes	Top-down account sizing based on historical sales or proxy	Target strategy based on historical sales data and/or sales thresholds	Infrequent changes due to turnover and staffing/ capacity shifts

↑ Data Breadth And Quality

benefits for both functions (see "Introducing The Transformation Model"). The benefits for sales include improved sales resourcing, forecast accuracy, and quota setting. The benefits for marketing are better messaging and campaigns, and proven marketing approaches applied to accounts and opportunities. For example, determining which target accounts represent the highest value means pinpointing those for which marketing and sales should employ an account-based marketing (ABM) approach and applying either a one-to-one or one-to-few treatment.

Assessing Six Key Targeting Capabilities Is A Critical Starting Point

The Insights-Driven Targeting Spectrum outlines a process for organizations to make better targeting decisions. It begins with a market alignment phase — the analysis and selection of broad market segments, moves to the account prioritization phase — evaluation of accounts and opportunities, and concludes with the territory optimization phase — the selection of account-based strategies and optimizing territories. The model includes six targeting capabilities that build on each other sequentially, increase the level of granular decision-making, and include the following actions for marketing and sales:

- **Market segmentation and sizing.** Divide the target market into discrete groups according to common attributes and determine the market potential.

- **Market fit.** Prioritize segments by market attractiveness and win rate.

- **Account fit.** Evaluate accounts for territory development, marketing, and sales coverage.

- **Account opportunity.** Calculate the opportunity potential by account.

- **Coverage strategy.** Define the target account-level sales and marketing coverage strategy that should be deployed.

- **Dynamic territory management.** Assess territory potential and provide guidance on changes needed to optimize the territory .

Data Breadth And Quality Significantly Impact Targeting Precision

The breadth and quality of the data can vary within each of the six targeting capabilities. Data can either enable or limit the degree of targeting precision that the organization can achieve. A restricted data set with few relevant data fields and questionable accuracy limits the likelihood of accurate targeting. Conversely, a strong data set boosts an organization's targeting capabilities. The factors that historically characterized an ideal buyer are only useful if the organization can achieve the same granularity of data for prospects that the sales team has not yet engaged with. In this scenario, access to specific third-party data that is unique to the business — as well as a robust data integration strategy — are both paramount. The Insights-Driven Targeting Spectrum provides guidelines for evaluating data maturity within each of the following six targeting capabilities:

- **Market segmentation and sizing.** Many B2B organizations use readily available firmographic data to create segments (see "Market Segmentation: Goals And Principles"). When marketing and sales leaders analyze data about past successful wins, they can identify specific attributes that characterize past buyers. Predictive analytics can help build precise segments by providing dozens of potential attributes. With market sizing, a key maturity factor relates to data sources, granularity of the data (e.g., country, industry, product category) and the degree to which credible third-party sources are used to calculate or verify sizing calculations (see "Types Of Market Sizing: Use, Terms, And Definitions" and "Sales Planning: Sizing Markets And Quotas By Demand Unit").

- **Market fit.** Sales managers often select target markets based on broad market sizing. Although sizing data is a key quantitative input, additional qualitative data points (e.g., the organization's past success in entering a particular market) should be included for a more realistic evaluation. As the approach to market selection widens to include additional insights, the specificity of the market scope becomes narrower and more precise (see "Targeting: It's All Relative"). Although total addressable market is a common quantitative target metric, service

obtainable market — the market that an organization can realistically expect to obtain in the coming year given resources and competitive pressures — is most appropriate for the one-year timeframe covered in this report.

• **Account fit.** Typically, organizations score and rank accounts with the input of sales managers or representatives and prioritize accounts on the basis of their personal experience or local sales team knowledge. Although sales history or engagement data can help determine ideal customer profile attributes, it is more beneficial to have reps use that information to prioritize accounts rather than rely on anecdotal sales knowledge (see "Developing An Ideal Customer Profile"). Sales should revisit if accounts are an appropriate fit for the organization's current offerings annually, quarterly, or monthly. Additionally, the frequency with which an organization reevaluates fit is a maturity factor.

• **Account opportunity.** The total opportunity potential for each account must be derived, and the data breadth and quality vary. One approach is a top-down modeling of an account's overall potential, typically an estimate informed by past historical data. A bottom-up approach underpins a top-down number with validated "look ahead" assumptions about the total number of opportunities across buying centers within each account and the size of each associated deal (see "Account-Centric Planning: How To Create Demand Maps" and "Sales Planning: Sizing Markets And Quotas By Demand Unit").

• **Coverage strategy.** When the final account list is completed, sales and marketing leaders can select the target account-level sales and marketing coverage strategy. A share-of-wallet calculation is often used as a starting point and compares the amount an account has spent with the organization to the opportunity potential depending on expected annual spend. This share-of-wallet estimate can be mapped to an acquisition, expansion, or retention strategy. Each strategy has implications for how sales and marketing resources are applied — from basic coverage to more customized ABM and specialized sales resource deployments.

• **Dynamic territory management.** Dynamic territory management is about assessing territory potential and providing guidance on the changes needed to optimize throughout the year. Organizations must reprioritize accounts and territories when conditions have changed; at a minimum, this should happen mid-year when there are staffing changes or mergers and acquisitions activity. However, more robust and dynamic data (e.g., automated intelligence about new initiatives in an account, buying signals on a website, signals in the marketplace) enables sales and marketing leaders to quickly make proactive account/opportunity-level adjustments (see "The Buyer Signals Framework").

Determine The Optimal Level Of Insights-Driven Investments

There are four factors that inform and guide organizations when approaching insight investment decisions. Specifically, Forrester encourages clients to look at the following considerations when determining the level of transformation needed:

• **Maturity level of organization.** Is the organization in a startup, accelerated growth, managed growth, or mature growth phase? A startup company may have limited budget for data and insight investments. However, for small organizations, getting targeting right is crucial as there may only be one chance for success and this type of investment is worth making early on.

• **Maturity of analytics capabilities.** What is the organization's capability or investment level to build, develop, and manage a data-driven insights platform and analytics capability? Is it a centralized, decentralized, or analytics center-of-excellence model? Are AI and machine learning nascent, developing, or a core competency? Less mature organizations can benefit from leveraging insights that technology provides, but mature organizations rely on third-party data and predictive insights providers for revenue intelligence that spans market, account, buyer, and activity insights data. Leaders must assess what areas they can address in-house and where to leverage providers.

• **Breadth of prospect universe.** Is the universe of target buyers and prospects global or regional? Are buyers located in a few countries, select industries, or in a defined market niche? Do target buyers have a unique technology stack? Will they be fulfilled by partners who are located only in select geographies? These are examples

of questions that marketing and sales leaders can use to determine if data is readily available or that indicate more advanced insights-driven approaches are required. Data and insight investments for a broad market can be challenging for determining scale and cost, but small and specialized markets may have harder-to-obtain data. Organizations may choose to phase investments by focusing first on the countries or industries they intuitively know are most important.

- **Complexity of product portfolio.** Does the offering map consist of a finite or extensive set of products, bundled solutions, maintenance, on-premises or cloud services, standard, or customized offers? The greater the complexity of the product portfolio, the more difficult it is to implement strong targeting in a manual or nonsystematic way. Organizations with significant levels of complexity should consider an AI-driven approach as machine learning benefits increase and complexity grows.

Recommendations

Organizations should use the Insights-Driven Targeting Spectrum to self-assess current capabilities across its six elements and to treat insights as a corporate asset. Additionally, an executive sponsor can help support the vision and fund the path forward in B2B organizations for better targeting of prospective buyers. Leaders should also create a cross-functional targeting core team composed of marketing, sales, customer success, and IT to define the organization's functional needs and to ensure alignment on a corporate strategy.

Research Methodologies

Forrester's 2017 Sales Planning Study was a survey of 450 survey respondents including chief revenue officers, heads of sales (e.g., chief sales officers, SVPs/VPs of sales), VPs of sales operations, and VPs of sales finance, as these roles are the primary owners of the sales planning process. The largest segment of respondents (31%) came from B2B organizations with between $501 million and $1 billion in annual revenue. All respondents came from global sales organizations (e.g., selling in North America, EMEA, and APAC) with at least 200 active sales reps — with the largest representation (58%) coming from organizations headquartered in North America.

Forrester's 2015 Economics of Alignment Study analyzed data from 700 private and public B2B companies to combine Forrester's historical benchmark data and publicly available company financial data.