An Introduction to Predictive Marketing

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Predictive marketing makes analytics accessible.

You've likely heard of predictive analytics and thought, "It sounds great...and overwhelming. I'm no data scientist." That's where predictive marketing comes in. It makes predictive analytics accessible to the everyday B2B marketer, moving it from the theoretical to the practical. The marketers who grasp this opportunity are seeing immediate impact by focusing on one area of predictive marketing known as predictive lead scoring.

Predictive marketing works by taking all the data in the world — from both internal (e.g., CRM, marketing automation, etc.) and external (e.g., blogs, websites, government sites, social media channels, etc.) sources and applying modern data science to questions such as:

1. Who is going to be my next customer?
2. How do I convert them?
3. How can I find more of these ideal customers?

And it's predictive analytics that makes this possible. By taking advantage of the democratization of data science and applying new technology tools to the wealth of data at their disposal, marketers can now discover new buyer insights. In turn they can better predict how prospective buyers and existing customers will respond, at the account or contact level, to determine which campaigns to run, rank opportunities, expand the marketing database, to serve up the best leads to sales and more.

Predictive analytics is recognized as the wave of the future when it comes to uncovering fresh insights into the prospect and customer base.

It's no wonder that predictive analytics is emerging as central to the modern marketing organization. By leveraging data science to make sense of all the data in their midst, leading B2B marketers are marketing and selling more intelligently.

PICKING UP WHERE MARKETING AUTOMATION LEAVES OFF

Perhaps you're thinking, "I'm already marketing efficiently by using marketing automation." It's true that marketing automation software can streamline the marketing process from end to end.

It can also track the historic behavior of prospects. However, from a performance standpoint, the best that marketing automation can do is provide a view into what happened in the past. For example, it can show how prospects responded to various marketing channels, or which campaigns performed better than others. From that point however, you need to figure out how to improve results going forward.

An Introduction to Predictive Marketing

Modern marketers recognize the need to build on top of the marketing automation foundation, to find a way to be more predictive and prescriptive. In other words, they are seeking ways to identify the likelihood of future events and determine the best course of action based on that information. And at a time when marketing is being measured more directly against top-line revenues, it's critical to predict what prospects are likely to do next.

Imagine being able to predict:

1. **Which companies may be the best targets**
2. **What marketing activity is most likely to yield the best results**
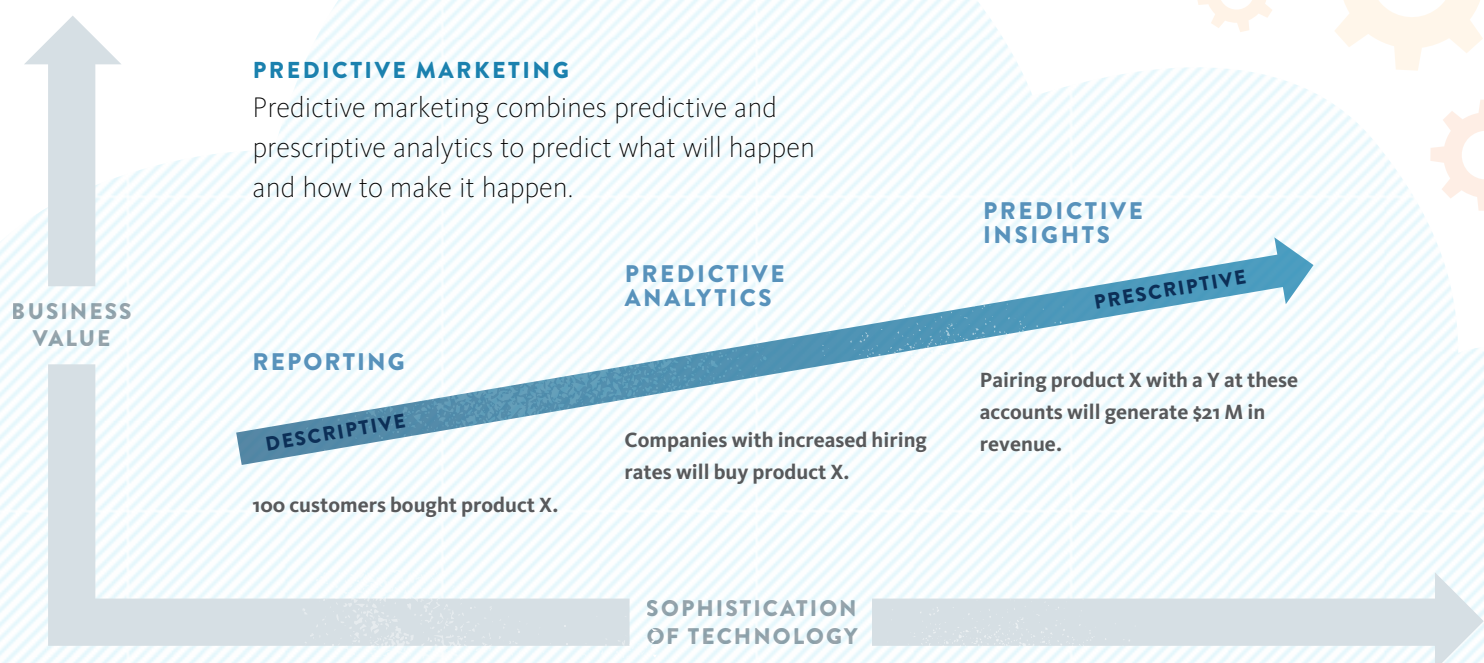3. **How much revenue could potentially be generated**

From a performance standpoint, the best that marketing automation can do is provide a view into what happened in the past.

THE TIME IS RIPE FOR PREDICTIVE MARKETING

Why is predictive marketing a must-have? Many of the marketers that embraced the promise of marketing automation have pushed the software to its limits.

They've refined their campaigns and messaging based on the information they've been able to collect via the system. They've improved efficiencies but are now looking for ways to actually optimize their performance.

At the same time, as more B2B organizations seek to win over entire buying committees involved in purchase decisions, they are moving from pure contact-level to strategic account-level marketing. Marketing automation was developed around the concept of a contact database and for that reason, most of these systems are less adept at addressing entire accounts versus individuals. Yet marketers cannot afford to ignore the wealth of buying signals that surround all those involved in a purchase decision.

PREDICTIVE MARKETING
Predictive marketing combines predictive and prescriptive analytics to predict what will happen and how to make it happen.

PREDICTIVE INSIGHTS

PREDICTIVE ANALYTICS

BUSINESS VALUE

REPORTING

PRESCRIPTIVE

DESCRIPTIVE

Pairing product X with a Y at these accounts will generate $21 M in revenue.

Companies with increased hiring rates will buy product X.

100 customers bought product X.

SOPHISTICATION OF TECHNOLOGY

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THE POWER OF PREDICTIVE ANALYTICS

In the past, if marketers wanted to make marketing more predictive, they were forced to rely on a team of highly trained data scientists using complex analytic platforms to build data-science models from scratch.

Since these data teams were often a shared resource across the organization, marketers often waited weeks or months to have their requests fulfilled and crossed their fingers hoping their business need was clearly understood. Now, however, the power of predictive analytics is accessible to any company. By using all the data in the world, you can optimize your revenue funnel to simultaneously improve conversion rates, increase revenue and improve lead velocity. Predictive marketing amplifies your measurable marketing initiatives and provides an added level of performance transparency not achievable in the past.

A new generation of predictive marketing applications are harnessing the power of machine learning to democratize their use by actual business users rather than PhDs.

Best-in-class marketing teams are following the lead of Internet giants like Amazon.com to build predictive models that combine profile and behavioral indicators with thousands of signals from the Web, social media, news and dozens of other sources. In essence, they're tapping into all the criteria that indicate a lead is a likely buyer. By using all the data in the world, every marketer — including you — can optimize their revenue funnel to simultaneously improve conversion rates, increase revenue and improve lead velocity.

25%
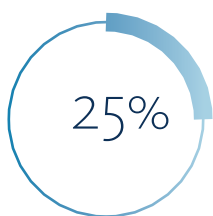
of all Fortune 500 companies use marketing automation

76%
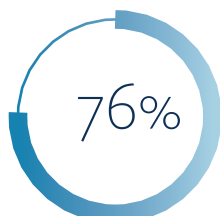
of the largest SaaS providers are doing the same

By using all the data in the world, you can optimize your revenue funnel to simultaneously improve conversion rates, increase revenue and improve lead velocity.

FIRST STOP: LEAD SCORING

Numerous aspects of marketing could be vastly improved with better predictive insights, but many marketers are finding predictive lead scoring is the best place to start. Here's why.

First off, many marketers have found their current lead scoring initiatives have failed to live up to their expectations. According to a report from Decision Tree Labs, 44 percent of companies using marketing automation have implemented lead scoring. But on average, survey respondents graded their lead scoring programs 5 out of 10. Why? Most commonly it's a simple lack of good insight into what constitutes actual buying behavior.
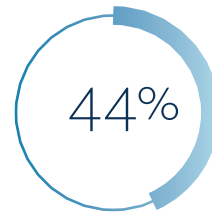
It's no wonder marketers can increase their conversion rates only so much by making do with the current crop of rules-based lead scoring engines. Traditional lead scoring prioritizes leads by building rules that score various fit and behavior criteria in hopes of getting a picture of a good lead. However, this approach taps into just a small percent of data that could be gleaned from prospects and requires a heavy dose of gut instinct and intuition. As a result, marketers are forced to make critical decisions about when a lead should be further nurtured or handed off to sales based on a limited set of information. In a sense, this basic lead scoring is little more than a guessing game. As a result, marketing continues struggling to demonstrate tangible return on its investment in marketing automation.

An Introduction to Predictive Marketing

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A better option is to tap into the power of predictive lead scoring. This advanced lead scoring approach augments the demographic and behavioral attributes that are part of basic lead scoring with thousands of additional data points. Examples include whether the company in question recently received funding, moved to a new location or hired new design engineers. In essence, predictive lead scoring empowers marketers to build a sophisticated model that actually predicts which lead attributes matter most.

44%

of companies using marketing automation have also implemented lead scoring

5 out of **10**

The average grade marketers give their lead scoring effort

This approach allows them to:

1. **Combine contact and account-level attributes to get a complete 360-degree view of all buying signals, not just those captured in marketing automation**

2. **Uncover the true definition of a good lead through the use of data science rather than intuition or consensus**

3. **Determine the actual probability of each prospect becoming a customer with unmatched precision**

Lattice is pioneering the predictive applications market for marketing and sales.

Lattice is ushering in the age of the predictive marketer by offering the most comprehensive and widely used suite of predictive marketing and sales applications available today. As the market leader, Lattice's secure and easy-to-use applications help address every stage of the revenue cycle and deliver proven value to all stakeholders, ultimately resulting in increased conversion rates and accelerated revenue growth for companies of all sizes. Lattice is backed by NEA and Sequoia Capital with headquarters in San Mateo, Calif.

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This eBook was originally written by Lattice Engines which was acquired by Dun & Bradstreet in 2019. Learn more about D&B Lattice, our market-leading Customer Data Platform, by visiting dnb.com.

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