Part 3: The ROI of ABM and How to Make the Case with Metrics

Research is showing some amazing benefits for companies using ABM. Yet many marketers are reporting challenges in proving ROI. Here’s some tips about how to justify ABM to the boss.

By Joe Braue, VP of Marketing and Custom Solutions, ALM
Introduction

In today’s B2B marketing world, we are tasked with showing the results we achieve from our marketing efforts. Whether it’s new client acquisition, closed deals or another metric, today’s B2B marketers need to show a true return on investment (ROI) on all dollars spent on a marketing effort.

That dynamic is no different when making the leap to ABM. In fact, the ROI justification may not be as clear when taking an ABM approach to your B2B marketing efforts. And that’s exactly what we’re going to dive into in Part 3 of this series.

But here’s the challenge: while research is showing that ABM is providing ROI to companies, a significant number of marketers are having challenges proving it to the executive board.

In Part 1 of this three-part white paper series, we defined why ABM matters for legal industry marketers, discussed the internal collaboration needed for setting up an ABM structure in your organization, and focused on the importance of using intent to identify key accounts. In Part 2, we discussed how to use data to identify the buying committee, build an effective multichannel messaging program and explore how to choose the right partner to help you execute the three keys to a successful B2B ABM program. Now, in Part 3, we’ll look at the ROI associated with ABM and how that can impact your marketing efforts and business.

Defining ROI Metrics

In a traditional marketing funnel approach, there are several key metrics that marketers will leverage when defining ROI for their marketing efforts. Clearly, new business is the ultimate metric. But, for marketers, tracking the effectiveness of a marketing campaign on new business can be difficult. So, in many cases, marketers will use metrics like total reach and total leads generated for their sales pipeline as a way to judge the effectiveness of their marketing spend. The focus is often on how big or how many were acquired.

As we discussed in Part 1 of this series, ABM flips the traditional marketing funnel on its head. It’s not about how many and how broad the reach is, but, on the contrary, the focus is on building depth on a smaller client base. And the good news is there is a growing body of research proving ABM works.

For example, a study by research firm TOPO and the ABM Leadership Alliance showed that companies saw a 171% increase in contract value after instituting an ABM approach to marketing.1 This was followed up by a study in 2020 from the ABM Alliance and ITSMA, which said that 76% see a somewhat higher or significantly higher ROI from ABM.2

But on the flip side, marketers are saying that tracking results is problematic. According to the ABM Alliance/ITSMA benchmark report, 37% of respondents felt that tracking ABM results continues to be an improvement area for their company. An additional 30% said justifying ROI continues to be a challenge.

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1. ABM Alliance Research Shows Payoffs In Retention & Lifetime Value, ABM In Action
2. Rethinking ABM for the Next Opportunity: 2020 ABM Benchmark Study, ABM Leadership Alliance
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The challenge on ROI was highlighted in the 2020 ABM Survey released by DemandBase. According to this report, 57% of companies haven’t yet started to measure the ROI of ABM, while 12% admit they don’t know how to\(^3\) (See Figure 1).

**What is your current ROI with ABM?**

Figure 1. Source: 2020 ABM Survey, Demandbase

<table>
<thead>
<tr>
<th></th>
<th>12%</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t know how to measure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I haven’t started to measure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ROI and the Three Rs**

Companies having success in proving the value of ABM are focusing on what the ABM 2020 Benchmark Study calls the three Rs of marketing – relationships, revenue, and reputation.

According to the ABM 2020 Benchmark Study, 71% of more than 200 companies are seeing a positive impact of ABM on company relationships. Additionally, more than half (55%) are seeing an impact on revenue, while 34% saw a positive impact of the reputation of the brand (Figure 2).

Figure 2. Source: ITSMA and ABM Leadership Alliance, 2020 Benchmark Study, Sep. 2020

The Benchmark study took this one step further by saying that companies implementing ABM clearly see a higher ROI over traditional marketing efforts. According to the report, 76% of companies polled saw somewhat higher to significantly higher ROI from ABM campaigns (Figure 3).

Figure 3. Source: ITSMA and ABM Leadership Alliance, 2020 Benchmark Study, September 2020

Of course, the question is, what are the most useful and obtainable metrics that can best pinpoint the ROI of ABM? From studies across the board, here are some of the key areas where marketers can focus:

1. Pipeline Growth
2. Revenue Growth
3. Engagement (such as events, opt-ins, web traffic, and downloads)
4. Win Rate

As ABM focuses on specific companies and buyers, you would expect engagement to be a key area of improved ROI. Indeed, Law.com customers are seeing more than a 40% increase in CTR on ABM banner campaigns and co-branded email deployments. The reason is targeting: Law.com is using AI-based purchase intent analysis to identify potential key accounts that are actually interested in a company’s product or service. Then, it leverages its first-party data and relationships driven through its legal industry content to this audience to send messages to these key account stakeholders via display ads and co-branded emails.

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\(^3\) 2020 ABM Market Research Study, Demandbase
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ROI Case Study

Here is an example case study showing the type of ROI that can be achieved from an ABM approach.

Targeting small law firms is no easy task for a legal software company. And targeting those seeking a remote office solution through an ABM campaign is an even bigger hurdle.

That was the challenge faced by one of Law.com’s software marketing partners. The company not only wanted to target firms with less than 50 people; they also wanted customers who were in market for a remote office solution.

Fortunately, the software brand found its answer by partnering with Law.com. Through its ABM/Activate product, Law.com leveraged its artificial intelligence (AI) and intent data to identify more than 10,000 law firms engaging with content related to law firm and practice management. Then, using keyword phrases the software firm uses in its SEO/marketing efforts, Law.com narrowed down the target list and generated 4,000+ new contacts into their customer relationship management (CRM) system.

In the three-month program, the software firm saw an increase in site traffic of 12 to 15%, which included an increase in form fills on the software company’s website. This delivered 87 leads in the first two weeks of the campaign.

But the win was not in just receiving the leads. It was in the conversion of those leads into deals and in the increase in the overall sales pipeline at the company.

“To give you a high-level overview, we’ve been doing it for about six weeks now, and we have gotten 110 qualified hot leads,” said the VP of Marketing at the software company. “Our close rate on incoming leads hovers around 35-40%. So currently in the pipeline to close, we have about 40 deals that are a direct result of my collaboration with Law.com.”

The VP of Marketing added, “I think off the top of my head we’ve closed about five deals. I have to look up what the contract value is. But the contract value of those five deals is well over the $30,000 that I paid. I mean, all I had to do was close one deal to make the money back, and we’ve closed five and have 35 in the pipeline for this quarter. So that’s going pretty well.”

Customer Lifetime Value

While more stats are being used to judge the value of an ABM campaign, one stat that is gaining more attention as a long-term win for tracking the effectiveness of ABM is increased customer lifetime value (CLTV).

Think of it this way: with ABM, marketers are focusing on a smaller client set. As opposed to broad reach, they are looking to create deeper and more personal relationships with their customers. Therefore, over time, a great way to judge success is to track the overall increase in the value, in particular revenue, that this smaller customer set brings to the customer.

CLTV is one of the indicators that today’s ABM marketers are using to track the overall long-term effectiveness of their ABM campaigns. In a recent report from research firm Ascend2, 41% of marketers pointed to CLTV as the one of the most important pieces of data to collect and track for ABM* (Figure 4).

What is the most VITAL DATA to acquire and track on an account?

Figure 4. Account-based Marketing Approach Survey Conducted by Ascend2 and Research Partners Published July, 2020

<table>
<thead>
<tr>
<th>Data Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime customer value</td>
<td>41%</td>
</tr>
<tr>
<td>Financial information</td>
<td>41%</td>
</tr>
<tr>
<td>Engagement history</td>
<td>40%</td>
</tr>
<tr>
<td>Current or planned projects/initiatives</td>
<td>38%</td>
</tr>
<tr>
<td>Decision-maker profiles</td>
<td>35%</td>
</tr>
<tr>
<td>Strategic partnerships</td>
<td>27%</td>
</tr>
<tr>
<td>Technology stack architecture</td>
<td>12%</td>
</tr>
</tbody>
</table>

* Account-Based Marketing Approach, Ascend2
Law.com’s AI-Driven ABM Platform Aids Legal Industry Marketers

More than ever, legal industry marketers need to find and engage companies that are most likely to be their next customers. This is particularly true for marketers looking to sell technologies or services to law firms.

Fortunately, ALM has developed a product that can help. By combining its reach into the legal sector with partnerships with key technology providers, ALM has developed the ABM/Activate platform. ABM/Activate is an artificial intelligence (AI)-driven account-based marketing (ABM) platform that allows marketers to track potential clients and know when those clients are actively in the market for their technology or service.

With ABM/Activate, marketers gain access to Law.com’s first-party online and offline data. Law.com is the benchmark source of news, insights, and analysis for the industry’s top law firms and professionals. With 190,000 average monthly unique visitors, 448,000 average monthly page views, and 615,000 newsletter subscribers, Law.com enables advertisers to connect, engage and influence senior executives and decision makers.

Identifying Intent
Through the ABM/Activate product, Law.com also leverages AI-driven purchase intent information from Bombora to identify hot companies and find new ones that should be on an ABM list. Then, applying its first-party permissioned based audience data, Law.com hyper-targets ads and emails to buyers and stakeholders at these companies. Finally, enhanced reporting shows which companies are more engaged with ads/emails, thus helping drive prospects through a company’s purchase process.

If currently using an ABM strategy, marketers can leverage ABM/Activate to inform, rank and prioritize an existing key account list based on recent, relevant research behavior from real people on active buying teams. Marketers can also add additional companies not currently on their ABM targets that are showing intent.

ABM/Activate also works for marketers not currently using an ALM strategy. With ABM/Activate, marketers can build a key account list that will find, rank and prioritize a target account list based on recent, relevant research behavior from real people.

Activation Opportunities
Once accounts are identified, the ABM/Activate product allows marketers to activate the accounts through Law.com’s extensive network of media channels. This includes:

- **Display Advertising**: Drive awareness and traffic to your site or landing page with ads that are targeted to key accounts identified using Law.com’s AI-driven purchase intent information.
- **Co-branded Emails**: Get potential buying committee members at these prioritized key accounts to register for white papers or webcasts on your site with an email with our brand and yours.
- **Lead Generation**: Leverage Law.com’s relationship and affinity with potential buyers and stakeholders at these targeted key accounts to get new leads.

The results from these efforts can be staggering. Since the launch of the ABM/Activate product, ALM/Law.com is seeing a 40%+ lift in engagement for marketers. Specifically, ALM is seeing CTRs increase by 61% while also seeing click rates deliver a 41% increase in CTR.

And, to round it out, ALM is offering a comprehensive set of reports that marketers can leverage to judge the effectiveness of their ABM campaigns. In these reports, ALM provides a breakdown of the accounts, then provides information on engaged users, impressions and clicks on an account-by-account basis to marketing partners.

For more information, email us at marketingservices@alm.com.
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To track CLTV, ABM marketers can use many different formulas to pull data from their CRM. But, the easiest judges would be either tracking the amount spent by the customer over a multi-year period, or the average contact value year-over-year. Through ABM, both of these numbers should show a bigger percentage increase year to year.

Summary

In the end, to truly track ROI, marketers need to develop and track KPIs in order to judge the effectiveness of their ABM campaigns. Fortunately, ABM can make it easier for companies to track KPIs due to the tight tie between the sales and marketing teams. By focusing on a smaller account base, marketers, sales team members and corporate executives can closely track wins at the account level using metrics from their CRM system, like CLTV, net new revenue from an account, deal size from an account, deal-to-close time, and more.

This concludes our three-part series, Keys to a Successful B2B Account-Based Marketing (ABM) Program. In Part 1, we defined why ABM matters for legal industry marketers, discussed the internal collaboration needed for setting up an ABM structure in your organization, and focused on the importance of using intent to identify key accounts. In Part 2, we discussed how to use data to identify the buying committee, build an effective multichannel messaging program and explore how to choose the right partner to help you execute the three keys to a successful B2B ABM program. To view Part 1, click here. To view Part 2, click here.

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