



SIX OPPORTUNITIES TO CAPITALIZE ON BIG DATA

Transaction data holds
a wealth of insights

WHITEPAPER



SIX OPPORTUNITIES TO CAPITALIZE ON BIG DATA

CONSIDERATION

- I. Growth through Cross-Selling
- II. Preempting Customer Defection and Churn
- III. Data-Driven Territory Planning
- IV. Moving Inventory
- V. Recognizing Sales Upticks
- VI. New Product Introduction

TRANSACTION DATA HOLDS A WEALTH OF INSIGHTS

Whether you are thinking about how Big Data can help you make your sales numbers or you have already started down the path of an internal data initiative, you're in good company. Savvy executives know that transaction data holds a wealth of knowledge and insight, just waiting to be uncovered.

Yet, the vast majority of companies don't have the know-how to tap into that insight, take action, and drive measurable business results. All too often, Big Data initiatives involve big money and yield little results. While companies spin their wheels on do-it-yourself analytics projects, they are missing out on opportunities to increase revenues, take market share and drive customer satisfaction.

You likely know how much each of your best customers spends with you. You may even know how much they spend in each product category and if that spend changes over time. But do you know which products your customers are willing and able to buy from you, but are buying elsewhere?

In this paper, we discuss why mining insight from your transaction data is critical to top-line growth, as well as the six revenue-boosting opportunities you will miss by sticking with simplistic do-it-yourself data analysis.

- I. Growth through Cross-Selling**
- II. Preempting Customer Defection and Churn**
- III. Data-Driven Territory Planning**
- IV. Moving Inventory**
- V. Recognizing Sales Upticks**
- VI. New Product Introduction**

TURNING BIG DATA INTO QUALITY SALES OPPORTUNITIES

In generic terms, Big Data is used to describe the voluminous amount of data a company and its customers create in the course of doing business.

For the purpose of growing sales, we will define Big Data as your company's line-level transaction history — each and every customer order, product by product, and account by account, over the past 18 to 24 months. Getting value out of that data requires more than writing reports. At the most basic level, this data tells you which customers are buying which products. While that information might be interesting, it doesn't give you a complete picture to make better decisions or help you increase revenue.

To extract real value, you must be able to use it to find insights beyond what you can observe with the naked eye. For example, you likely know how much each of your best customers spends with you. You may even know how much they spend in each product category and if that spend changes over time. But do you know which products your customers are willing and able to buy from you, but are buying elsewhere? Or which customers are starting to defect to your competitors for specific product lines?

The ability to see what your customers are not buying, but could be buying from you and in what quantities, is critical. Your transaction data can reveal these insights, just not in its raw form. The data needs to be processed, sliced, diced and presented in the right way for you to see the opportunities. Transformed into purchase patterns, you will find opportunities worth 8 to 12 percent of revenue.

Before we discuss how to get to this level of insight, let's take a look at the six ways this information can help you plan sales, marketing and product strategies to boost revenue.

I. Growth Through Cross-Selling

For many established B2B companies with aggressive revenue targets, sales teams spend the majority of their time trying to maintain and grow existing customer accounts. Whether you are account planning with your team or an individual sales rep with a large book of business, the challenge is determining which product offerings to cross-sell to specific accounts, and which opportunities to prioritize. You know there are products that customers buy from your competitors that they could be buying from you, or, they may be cherry-picking you, but exactly where are these opportunities?

Purchase patterns can reveal your current share of wallet within each account and, as a result, prioritized growth opportunities. Sales can spend more time with the accounts with the most potential, taking the guesswork out of making their numbers.

II. Preempting Customer Defection and Churn

In most situations, retaining a customer costs less than acquiring a new one. For B2B companies, the loss of one valuable customer is extremely expensive in terms of future revenue and profit. And once they're gone, getting that customer back can be challenging and expensive.

If your sales reps have large books of business, it's difficult for them to stay on top of the small changes in behavior that are early indicators of churn or defection. As a result, customer churn is often only recognized when it becomes very, very obvious — and by that time, it may be too late. What if you knew as soon as a customer started to defect? How would that change the conversation with that account?

Purchase patterns show the early signs of defection that are not obvious in your raw data. Providing pinpointed guidance on the accounts that are beginning to defect gives sales teams an opportunity to protect current sales efficiently.

III. Data-Driven Territory Planning

Designing optimal sales territories requires an accurate forecast of market opportunity and the required resources to service that territory. The end goal is two-fold: to offer each sales rep an opportunity-rich territory and maximize coverage at the lowest possible cost of sales.

When designing territories, companies often factor in a number of metrics, including: win rates for each territory, the number of leads and opportunities, lead to opportunity conversion rates, the current pipeline and sales forecast, the average time to close an opportunity for each territory, and customer segment demographics.

These data points simply act as a proxy for forecasting the market opportunity; they are not indicative of revenue opportunities by customer and by geography. Territory design and planning becomes more of a science than an art when you know where the potential revenue opportunities are across your entire customer base, allowing you to assign resources more effectively, and help your team be successful.

IV. Moving Inventory

It's the last month of the quarter and you have a warehouse full of inventory you would like to sell. You could discount the products across the board to move them faster or provide unfocused special incentives for your sales team.

A better approach is to target these tactics to the customers that should be buying more of the product stock. When the opportunities for a given product line can be quantified and prioritized for every customer account, it becomes easier to try to move the inventory, while minimizing effort and discounting.

V. Recognizing Sales Upticks

An unexpected sales uptick from a customer is a great sign. Sales reps should not only follow up to say thank you, but they should also investigate if the customer has a need for additional complementary products. For example, if a manufacturer customer is increasing its factory capacity, it's likely that orders should increase across multiple product lines. By making a phone call to the customer to understand the reason for the larger order, your sales team can leverage this insight to earn even more business.

Mining for these types of purchase trigger events to use as an upsell opportunity can give you a competitive advantage, ultimately helping to grow wallet share.

VI. New Product Introduction

Companies often introduce multiple versions of a product line to capture different customer segments. One challenge, and inherent risk of versioning, is the cannibalization of premium lines by lower margin, "fighter" products. Knowing which customers to target — those who are not buying, or have been slowly defecting from your higher end product — can help you grow revenue and wallet share with the new product, while protecting your existing business.

Identifying customer opportunities by product can help you make more strategic decisions about new product launches, basing them on quantifiable market demand and revenue opportunity.

DETERMINING PURCHASE PATTERNS IS NOT A DO-IT-YOURSELF PROJECT

While each of the examples above rely on information derived from a company's transaction data, manual analysis and business intelligence tools won't get the job done. A more sophisticated level of rigor and scientific accuracy is needed to transform the data into actionable purchase patterns.

Here's how the underlying science works: In the same way people resemble each other in appearance, your customers resemble each other in their generalized purchase patterns. Facial recognition technology uses an algorithm that measures and analyzes the relative position, size, and/or shape of facial features, then searches for matching features using those images. Applying a similar approach to transaction data shows which customers look like each other in terms of purchase behavior, and when combined with product affinity insights, it reveals which customers should be buying which products. This analysis can create hundreds of customer Purchase Pattern Profiles™ and thousands of sales opportunities.

At a major industrial manufacturer, management knew they weren't getting all the business they could from their existing customers. With thousands of customers and hundreds of product categories, they knew that opportunities to sell more volume and sell additional product categories couldn't help but be overlooked. And, competitors weren't hesitating to exploit these oversights to gain footholds and steal hard-earned share.

In an effort to mitigate their risks and close the leaks, the company initially tried to uncover the defection risks and sales opportunities through manual analysis. They quickly learned, however, that there were far too many customers and products to rigorously analyze in a timely fashion.

THE PURCHASE PATTERN PAYOFF

The manufacturer started using a product called Sales IQ™, which reveals, quantifies and prioritizes opportunities to protect and grow wallet share in your existing customer base. Sales IQ produces dynamic Purchase Pattern Profiles that revealed opportunities worth more than \$25M. While the sales team closed more than \$2.4M within the first 90 days, management is using the data to capitalize on strategic revenue growth opportunities.

Pinpointing incremental revenue opportunities is just scratching the surface. Once you know what each customer should be buying, and have an early warning system for retention risks, you can capitalize on all of the revenue growth opportunities described above.

Skip the do-it-yourself approach, let someone else do the heavy lifting, and start taking market share, and increasing revenues.

For more information, visit www.zilliant.com

