

External Data for SMB Marketing and Sales: **The Definitive Guide**



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Chapter 1: The Challenges and Benefits of Data-Driven Marketing Today

*Water, water, every where,
Nor any drop to drink.*

Samuel Taylor Coleridge, The Rime of the Ancient Mariner

It's harder than ever for businesses to get qualified leads and convert them into loyal customers today, especially if you're targeting SMBs (small to medium size businesses).

The effectiveness of your sales and marketing depends on accurate and relevant prospect data. The trouble is, you've got data coming at you from all sides. Every click and pageview online, every new LinkedIn follower, every piece of content downloaded represents a piece of data that can be used in lead scoring models. But when you're faced

with “data, data, every where,” it’s easy to feel like a sailor lost at sea. You don’t know which data to feed the model to produce the highest quality results. If the data you input is inaccurate or even limited, you might end up spending months pursuing the wrong lead.

When you get down to the brass tacks of actually marketing and selling to SMBs, what originally seemed like a vast wealth of data starts to look like fool’s gold. The questions begin: How do I know if I’m pursuing the right lead? Why are my conversion rates so low when I’m putting so much work into lead scoring? Who is my ideal account, actually?

Marketers used to be able to answer some of these questions with behavior tracking through third-party cookie data. But brands like Google and Apple are **phasing out** third-party tracking cookies for sites and advertisers. As a result: “The \$152 billion US digital advertising industry will lose access to most third-party data, which has powered programmatic advertising (advertising purchased and sold using software),” McKinsey & Company noted in a **recent article**.

How can marketers and sales reps find and attract and pursue the highest quality leads that are most likely to convert? They can start by

focusing on getting a complete picture of their SMB prospect through external data.

External data (also known as “alternative” or “third-party” data) is any data that an entity sources beyond its four walls. Most companies are aware of the value they can gain from their own internal data. However, no company possesses the perfect, entirely comprehensive dataset that contains all the information to build the most accurate lead generation and scoring models. That’s where incorporating external data becomes a competitive advantage.

In today’s data landscape, most companies, no matter their size, recognize they can’t amass all the data they might need, in-house. Instead, forward-thinking marketers will look to external data and alternative data sources to supplement their internal datasets. External and alternative data sources range from social media data to foot traffic to sales patterns to company financial information. This kind of data enriches your existing datasets and helps you build powerful predictive models of ever-increasing accuracy. Basically, it answers those creeping questions you have about the market or your customer base that you can’t answer internally.

Just like data scientists use external data platforms to improve their machine learning models with relevant data in a few keystrokes, growth marketers and sales operations managers can use them to quickly gain better predictions that drive previously complex efforts — such as generating leads, scoring leads, and predicting customer lifetime value. If you use an external data platform that takes your internal data and enhances it with thousands of pre-vetted external data signals, you'll get boosted models with a much broader scope. Ultimately, this means better targeting, smarter allocations of marketing budgets and vastly improved ROI.

You can no longer rely on internal data to make accurate predictions. Whether you're a growth marketer, a sales or revenue ops professional or a marketing or sales leader, playing with internal data alone means missing out on the information you need to build impactful SMB marketing and sales campaigns.



Chapter 2: Making the Business Case for an External Data Platform

Organizations will spend millions of dollars on external data this year. Those without an external data platform will spend even more because they'll be unable to optimize their sourcing strategy.

Organizations taking on external data without the aid of a dedicated platform **spend more money** for less effective results. They may work with multiple external data providers and end up paying for the same data twice across different departments. Of course, they only realize this after months spent searching for, evaluating, and procuring the data.

If companies do manage to find a valuable dataset, another set of challenges awaits. They have to spend even more time extracting the

relevant signals, cleaning, preparing, manipulating, transforming, matching and integrating the data to internal datasets. By the time data is acquired, integrated into a predictive model and ready for production, the opportunity might have already passed them.

Answering this data dilemma, an external data platform provides a centralized location for accessing relevant external data signals that will create the most impactful improvements to predictive models, such as lead scoring models.

Marketing departments effectively using external data platforms have seen tremendous value in streamlining the process of accessing and incorporating external data into their analytics and machine learning programs. Specific business value propositions include:

Optimize Leads

Make the sales process more efficient by improving scoring of incoming sales leads and prospect lists. Better lead scoring and understanding of a customer's propensity to buy can guide you to the targets most likely to convert. External data enhances those lists and prioritizes the right leads to accelerate sales cycles.

Supercharge Ad Tech

Data derived from ad tech platforms such as IP addresses, search terms, cost-per-click (CPC) and location may surface-level. But, if you create a model from this information and combine it with data such as financial data and social media data, you can determine customer lifetime value and other insights.

Maximize Budget

In today's fast-paced world, taking too long to get marketing insights means you're always a step behind. By leveraging machine learning (ML) models, marketers can more effectively identify the customers most likely to purchase (based on LTV modeling, for example) and raise their ROI or ROAS, helping them maximize their budget.

Increase Revenue

To provide personalized cross-sell and up-sell offers, you need complete, reliable data about your customer. External data enriches your internal data to provide valuable insights on which customers are more likely to respond to offers. Sending the right cross-sell or up-sell offer at the right time to the right account is a perfect formula for boosting sales.

Capture More Market Share

Data-driven organizations capture market share at a faster rate than their competitors. External data provides a competitive advantage by boosting machine learning model accuracy. Better analysis leads to better decision making, and you've got a leg up on the competition.

When combined with internal data and an insightful understanding of your market, external data can help you pinpoint leads and target potential accounts in ways that weren't possible before. It expands your reach to a wider universe of net new prospects, and can even reveal qualified accounts in your existing rolodex you never considered before. External data boosts your marketing efforts and streamlines your sales process by guiding your sellers to the accounts most likely to convert to profitable customers — generating more business for your company.



Chapter 3: What Kind of External Data Do You Need for SMB Marketing?

Wait! Before you start to look at external data, you should get acquainted with the data you're already collecting.

At the very least you're probably using a marketing automation tool (e.g. Hubspot or Marketo), a CRM (e.g. Salesforce) and have a website. If that's the case, you're likely collecting a fair amount of data points, including:

- First and last name
- Email address
- Industry/vertical
- Phone number
- Company size
- Job title
- Email opens and link clicks
- Pages visited on your website
- Referral source
- Conversion forms completed

If you're running paid ads on social media or syndicating content with third-party websites then you're gathering even more data that you can harness for lead scoring, improving conversion rates and more. The further advanced your marketing tech stack gets from there (video platforms, influencer marketing tools, SEO and site optimization tools, social listening platforms, etc.) the more data you'll have at your disposal.

One caveat: focusing on compiling all the data you possibly can won't necessarily make your marketing strategy more competitive. It's not about having the biggest data but the best data — data that reveals signals that can deepen your understanding of your accounts.

So, think about what you don't know about your SMB customers. What missing information do you need to build a complete picture of them?

External data offers additional audience signals that help you fill these gaps, then turns these signals into insights that drive decision-making. By integrating internal data with external data, marketers can enrich

their existing ideal customer profile (ICP), fine-tune their funnel and convert and retain the right accounts.

What kind of external data do you need for SMB marketing? Here are a few examples.

Company Data

Company data refers to the broad swath of information available about your customers that marketers and salespeople can use for lead generation, enrichment and scoring efforts.

Some examples of company data include:

Basic Information

- NAICS/SIC code
- Industry
- Key contacts (CEO, VP Sales, etc.)
- Search trends

Financial Information

- Annual revenue
- Number of sales
- Payroll
- Growth and stability indicators

Technology Information

- Website traffic and trends
- Technology used by the organization
- Global and regional website rank
- Web presence

Reviews-based information

- Business rating and reviews
- Health score
- Noise level
- Average pricing of businesses in area

Company Financial Information

Looking at company financial information can help you identify recently funded or expanding SMBs ready to invest in your product to boost their performance. For example, B2B marketers may take company valuation into consideration when scoring leads, which is based on several factors such as company credit score, industry vertical, and the number of employees. Financial information provides the basis for AI-driven market analysis of a specific business vertical. Most financial data is collected from various public sources, including earning reports, news articles, press releases and analyst reports.

Social Media Data

Social media data provides commonly available information from social media channels. These data points come in the form of blogs, posts, likes, followers, clicks, shares (reposts and retweets), comments

or engagement rates. Social media analysis can indicate the level of brand awareness and customer satisfaction, which can help measure the effectiveness of marketing campaigns. B2B marketers typically use company social media presence to help assess brand reach, engagement and fit. For example, they can look at attributes such as:

- Number of social networks and social mentions
- Number of tweets, followers, the accounts followed, and analysis of tweets
- Number of LinkedIn connections and followers
- Audience demographic information such as age, gender, location, educational profile, and income bracket, which can help in customer segmentation

Point of Interest Data

Point of interest (POI) data provides intelligence on real-world public places, such as retail stores, restaurants, parks, monuments and other sites of convenience or tourist attractions. Marketers selling to brick-and-mortar retail stores can use this data to track their prospects' performance. Measuring store visits and foot traffic, they can test the store locations for efficiency and profit.



Chapter 4: How to Use External Data in Your Sales and Marketing Funnel

Lead Generation

Finding an entry point to the total universe of prospects can be a daunting task, especially if you don't have a reliable foundation of internal data to begin with. How do you go about building a highly-targeted audience dataset when you're not totally sure what customers are in your market — or whether they're even interested in your product?

The good news is, incorporating external data into your lead generation strategy can help you discover net new leads based on a diverse set of signals. Instead of spending months procuring and organizing the “perfect” list of leads through traditional third party channels, external data platforms enable you to instantly generate a targeted dataset anytime you want to launch a new sales or marketing campaign.

Here are three steps to integrating external data into your lead generation strategy:

1. Build your ideal customer profile. Plug the business type and location into your external data platform to produce an initial list of potential customers.
2. Enhance this dataset using your external data platform, which can not only deliver thousands of ready-to-use data signals immediately but also can also automatically indicate which datasets have the biggest impact on your lead generation model.
3. Finalize your ICP profile with B2B marketing fit data, deploy your models and track your campaign efforts.

B2B marketing fit data is a set of static data that helps organizations define if a lead will be a good match. As an external data category, it consists of demographic data of a contact such as job function, level, skills and responsibilities, the technographic data of the account such as their technology stack and firmographic data such as company size, revenue, industry and budget. Marketers and sales teams use B2B marketing fit data to build and run data-driven marketing campaigns that identify valuable prospects and move them through the buyer's journey.

Lead Enrichment

Let's say you want to work with form-fill data generated by a content marketing resource. You have a list of names and email addresses, which is a solid start, but it's not really enough information to know who's ready to buy your product now and who's just interested in reading your content. This is a job for external data-powered lead enrichment. Upload your internal data, and your external data platform delivers additional insights, such as your potential customer's employee demographics, existing tech stack and financial profile. The more sources you add to your dataset, the more the system uncovers and suggests other relevant signals.

There's no doubt that external data enables you to better understand and segment your leads. But if you're not using the right external data signals, all the work you've done to enrich your leads will be counterproductive. How do you ensure that you're efficiently integrating the most relevant external data signals for lead enrichment while guaranteeing quality and accuracy?

If high-quality leads convert to sales, then high-quality external data converts to leads. Ensuring the accuracy, consistency and timeliness of

your external data is a must before you use it to enrich leads.

Here's how to test if your external data sources will improve your lead enrichment efforts:

- Verify that the data timeliness and the sources are recently updated
- Confirm that the sources are credible
Evaluate leads for suitability based on BANT (Budget, Authority, Need, Timing)
- Test data for accuracy and consistency (see chapter five)
- Track results and compare data from different vendors to evaluate the effectiveness.

If this sounds like a lot of work, it's worth noting that some external data platforms will pre-vet and harmonize curated premium and public external data sources for you, recommend the most relevant data signals based on the internal data provided, then match and integrate the enriched data with your internal datasets.

Lead Scoring

If the data you have to work with is limited to only what your organization collects, you'll get decent lead scoring results. But if external data is brought in to give your models more context to learn from, you'll get way more accurate rankings.

Lead scoring models need a lot of data to accurately determine which leads are of higher quality and more likely to become profitable customers. External data such as demographic and socioeconomic information by zip code, number of nearby competitors, footfall traffic and business reviews offer important context here. To illustrate this point, take the story of one of our customers, a leading marketing firm.

Our customer had a tried-and-true method for customer scoring models which relied heavily on information its marketing team could collect itself, including which ad customers click on; the products a lead views on a website; their level of engagement; and if they signed up for newsletters, subscriptions or other gated content. However, the company's dependence on their own internal data was beginning to impact the quality of their leads and thus affecting their ability to convert leads into customers.

The customer connected their data to Explorium and created a new lead scoring model that combined their internally captured data with several sources from Explorium's external data catalog. Doing this allowed the customer to create the following indicators:

- Social media interactions with the product and others in the category
- Number of previous purchases in the same category
- Spending potential and financial stability metrics
- Demographic data including cohort group preferences
- Search engine queries in related fields.

After enriching their lead scoring with Explorium, the company improved their conversions by 18%. This resulted in more accurately scored leads, and more importantly, leads that were easier to convert once they reached the bottom of the funnel.



Chapter 5: Getting Started with External Data for SMB Marketing

For all its benefits, external data can introduce some limitations to your marketing campaigns when it's not properly vetted.

Data timeliness represents a particularly difficult challenge for external data vendors — out-of-date contact details can throw a wrench in the best laid marketing plans. Here's what else to look for when buying external B2B data from a vendor.

Data timeliness

The value of your external data depends on how accurately and recently its sources are updated. If your external data platform serves you an email address from a decision maker who left the company six months ago, you'll waste a lot of cycles pitching the wrong person. If the external data is derived from social media, its validity and timeliness

depend on when it was last collected and when the reference websites were last updated. Datasets must reflect any and all recent organizational changes, such as promotions or reporting updates.

Privacy Compliance

B2B marketing data contains your leads' contact details, which fall in the category of personal information and must comply with privacy regulations. Data derived from online sources and social media may have Personally Identifiable Information (PII), which needs to be protected under regional privacy regulations such as GDPR and CCPA. A competitive data strategy demands a world-class data security and privacy posture. Even if your organization prioritizes data security and privacy compliance, you need to make sure your external data vendor does the same. Look for a vendor who rises to the challenge of the latest industry-leading security standards and has the certificates to prove it.

A robust security and compliance posture includes some of the following frameworks and practices:

- SOC 2 Type 2 audits
- Information security management standards such as ISO 27001

(security), ISO 27701 (privacy) and ISO 9001 (quality)

- Ongoing internal security audits and reviews
- Ongoing external security audits, infrastructure penetration testing and vulnerability scans
- NIST 800-53 Cybersecurity risk management approach (Identify – Detect – Protect – Respond – Recover) for constant improvement and alignment with current risks
- Best-in-class industry standards encryption such as the AES 256 for encryption at rest, TLS 1.2 or higher for encryption in transit and AWS KMS in use for sensitive information

Data Accuracy and Source Credibility

Data accuracy and source credibility are closely related. You can usually trust that information from primary or government sources will be reliable. However, information derived from other types of sources, such as social media, may need additional vetting. Your data scraping method can also affect data accuracy. Information collected from substandard data scraping tools may need to be authenticated with other sources.

Data Coverage and Consistency

Incomplete data can limit how you use a certain dataset. You can't launch a drip campaign when your audience list is missing email addresses. Additionally, inconsistencies may arise when collecting data across diverse sources — maybe the company headquarters is listed as one city on one website and a different city on another. If you're not using an external data platform that cleans and validates outputs for you, you may need to take extra effort to reconcile and verify this information.



Chapter 6: B2B Marketing Case Studies

melio

Melio: Using External Data to Improve Conversion Rates and Streamline Operations

B2B payments solution Melio was growing rapidly in its mission to support small businesses, and its marketing team was challenged by a surge in inbound leads. They didn't have capacity to qualify every lead to see if it fit their ideal SMB customer profile. Melio's marketing team needed a better system to qualify and prioritize inbound leads.

Melio partnered with Explorium and used our external data platform to discover relevant external data signals that added significant value. The end result was a series of models that broadened the lead scoring criteria, using a combination of internal data with external enrichment. Using the new models, the marketing team could analyze their marketing funnel and identify relevant leads to better focus marketing

and sales resources on the highest-value segments.

Melio was able to make data-driven decisions based on model outputs, which led to a 15% increase in conversion rates. In addition, Melio's marketing operations team saved a considerable amount of time every week that they were previously spending on funnel analysis — resulting in a three-fold efficiency improvement and enabling them to address

behalf

Behalf: Using External Data to Enrich Leads and Improve Risk Levels and Streamline Operations

Behalf partners with large US suppliers to offer on-the-spot, short-term financing to millions of its partners' customers. Its marketing challenge lies in effectively distinguishing which of its supplier-provided leads were bona-fide businesses operating in stable industries, and which were not qualified. Behalf wanted to segment businesses based on their commercial viability and assign varying purchasing limits subject to transaction underwriting and approval. They needed the right external data to make these assessments more accurate, quickly.

Using Explorium's external data platform, the marketing team discovered dozens of new data points that proved critical to assessing a prospect's risk level for future financing. Behalf's marketing and risk teams used the new data to build a pre-eligibility for enrollment scoring mechanism, which predicts the probability of a business being approved for financing according to internal criteria. The resulting eligibility scores enable Behalf to segment its potential customers into target groups.

With a 12-fold increase in the number of data points used to accurately segment potential leads, Behalf can now tailor its various financing options more relevantly. Audience segmentation provides smoother and more positive customer experiences, and has increased the number of businesses approved for the right purchasing limits and transactions. This consequently reduced risk levels to the lowest financing default rate in Behalf's history. As they automatically discover new, relevant features on an ongoing basis — from dozens of different data sources on a single platform — leveraging Explorium's external data platform saves Behalf valuable time and money.



About Explorium

Explorium provides the first External Data Platform to improve Explorium's External Data Platform empowers marketing and sales leaders to acquire and integrate third-party data efficiently, cost-effectively and in compliance with regulations. It combines the world's best data to help generate SMB lead lists and further enrich the data with thousands of relevant signals, such as company credit scores, payment history, foot traffic data, website data and business ratings. The data is ready immediately for predictive analytics, no data wrangling, matching or integrating required.

Explorium works by automating your connections to thousands of pre-vetted data sources. Not only have they been curated for quality and reliability, they form a single, collective catalog, so you don't have to pay for access to each one separately. In fact, these datasets are all inter-compatible, so you can essentially treat them as a single resource, lifting out only the details you need to enhance

and augment your existing datasets, or combining them into brand new datasets.

Explorium removes every roadblock to finding and acquiring external data. With faster, better insights from their models, marketing and sales organizations across consumer goods, fintech, insurance, retail and e-commerce can increase revenue, streamline operations and reduce risks.

To learn more about Explorium for sales and marketing, explore our latest resources.

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