Digital Firmographics

Enhanced Segmentation,
Greater Data Depth
and
Actionable Insights

Prepared by Batavia Research
February 2015

br batavia research

Introduction

Having an online presence is arguably a requirement for any business today. It is estimated that 6 million businesses conduct meaningful commerce in the United States and that nearly 60%[1] of these businesses have at least a web site or social media presence. Moreover, nearly 85%[2] of businesses starting up are establishing an online presence. This white paper explores the data that can be collected from a business' digital presence and the opportunity for expanded market segmentation and new actionable insights.

As a part of this online presence, businesses are facilitating commerce and consumer engagement with more transparency than ever before. And the pace is quickening. The data and signals produced from this enormous amount of online activity represent new opportunities unavailable from traditional sources. The internet is today's "Main Street", and businesses are opening their store fronts. Digital firmographics is a vital dimension that will more accurately reflect the nature of a business.

Based on the work being done at Batavia Research (BR), the term "digital firmographics" has been coined to characterize the insights and behavior of an organization based on and derived from their various online activities. It adds depth to existing traditional firmographics and provides additional segmentation and insights.

This white paper is prepared by Batavia Research to explain what digital firmographics are and more importantly how it strengthens traditional characteristics and provides actionable insights to help companies …

- reduce the cost of data verification
- enrich existing business records and provide deeper depth of data
- improve the effectiveness of marketing and sales
- reduce financial risk and exposure

Digital firmographics represent a "new data frontier" that cannot be ignored. Recognizing and embracing this opportunity will ultimately translate into improved gains and minimized losses.

Limitations of Traditional Firmographics

In its simplest form, businesses can be characterized by industry, location, size, status, structure and performance[3]. Of course these segmentation categories and related attributes can get much more granular depending on the objectives of the user.

---

[1] J. Smith, T. (2013, January 5). What Are Firmographics? Retrieved February 13, 2015, from http://www.wiglafjournal.com/marketing/2013/01/what-are-firmographics/

[2] Ickert, D., & McCracken, T. (2013, September 16). 2013 Small Business Technology Survey. Retrieved February 13, 2015, from http://www.nsba.biz/?cat=131

[3] Henning, J. (Ed.). (2008, September 16). Firmographics. Retrieved February 13, 2015, from http://en.wikipedia.org/wiki/Firmographics

As suggested by Doug Goldstein[4] …

> "*Segmentation is simply the grouping together of customers based on similarities they share with respect to any dimensions you deem relevant to the business. Dimensions could include; customer needs, channel preferences, interest in specific product features, customer profitability– the list goes on.*"

Aside from public companies and large organizations where data is easily accessible, data on small and medium size companies is typically derived from various secondary sources. These secondary sources frequently lack the timeliness and accuracy of first-hand sources. First-hand data (for the purposes of this whitepaper) is the result of organizations intentionally sharing and updating information about themselves on various digital locations. These locations could include company websites, blogs, and social profiles, among others which will be discussed.

As an example, characteristics such as SIC codes are released every 5 years and, when they are, it's typically more than a year old[5]. Other data such as trade data is often available on a monthly or quarterly basis. Consequentially, many of the characteristics derived may be an untimely reflection of the past rather than an accurate depiction of the present. On the flip side, when companies intentionally publish content and information they want known about their business, this first-hand data is often more reliable and timely.

What Does Digital Firmographics Data Include?

There are fundamentally three (3) ways for a company to create and maintain an online presence. They include what is referred to as "owned", "paid" and "earned." The diagram below summarizes this.
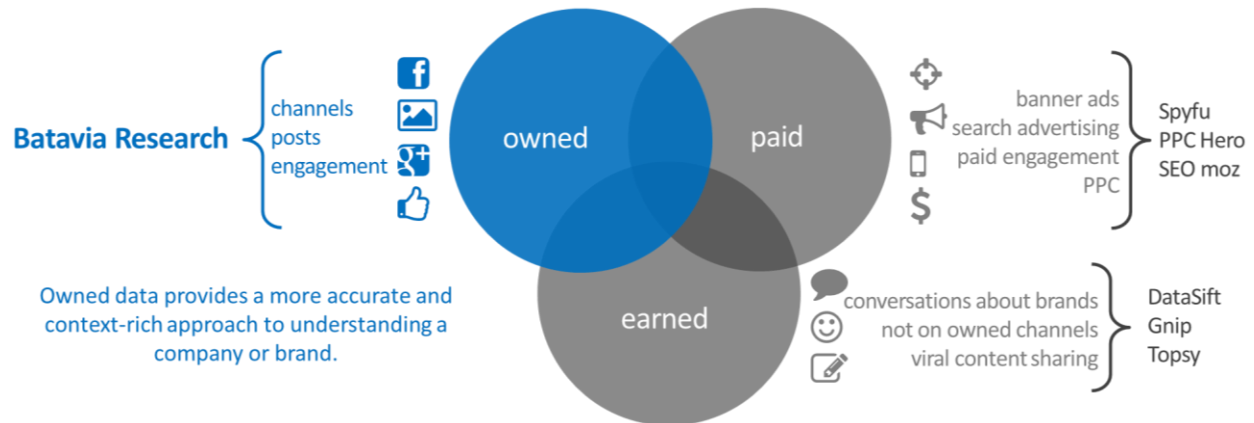

Figure 1 - Digital Marketing Trifecta

---

[4] Goldstein, D. (2013, October 24). Firmographics – Engaging B2B Target Market Segmentation. Retrieved February 17, 2015, from http://bizshifts-trends.com/2013/10/24/firmographics-rethink-b2b-target-market-segmentation-match-making-customer-profiling-mapping/

[5] Smith, T. (2004, April 1). Relevancy of Market Research in Business Markets. Retrieved February 18, 2015, from http://www.wiglafjournal.com/marketing/2004/04/relevancy-of-market-research-in-business-markets/

The "owned" space is reflected by a company's online presence and activity that is intentional and self-administered. This includes their website, social media profiles, communities, blogs, support forums and so on. Often times, these properties and related activities are collectively referred to as "content marketing". Content marketing reflects the idea of establishing presence and brand recognition via blogs, videos, presentations, etc., and is vital to establishing a "digital storefront." This owned content and activity ultimately builds presence and drives traffic.

Companies that want to accelerate their visibility can also "pay" their way in. Google, for example, has helped many organizations facilitate their "paid" strategies through search advertising. The activities can range from simple "pay per click" key word campaigns to sophisticated ad placement and insertion techniques. The very nature of this approach inherently demands a sustained effort.

And the third grouping is referred to as "earned" or "user generated content". This can include third party conversations and engagement around a company's content or brand. Companies have far less control over what users say and how they share. Social media sites, blogs and review sites are places where users can generate comments and express sentiment. Often times, "earned" conversations in the social stream are disconnected from a company's owned properties.

The reality is that there is overlap for the three groupings as shown in the diagram. For example, companies use their "owned" social profiles for paid campaigns. Case in point … companies can pay Facebook to promote a post or page. Prospects, users and other interested parties can comment and share the content produced by a company.

The key takeaway from *Figure 1* is that digital firmographics is primarily the product of the "owned" space and the overlaps extended to the paid and earned areas. It is a rollup of information that can be derived from the company's website, all of their various digital and social properties, the content and media posts, and the engagements.

Traditional firmographics can be augmented with digital firmographics. *Figure 2* in the diagram below identifies a sampling of these characteristics and the value digital firmographics can add to the depth of these company attributes.
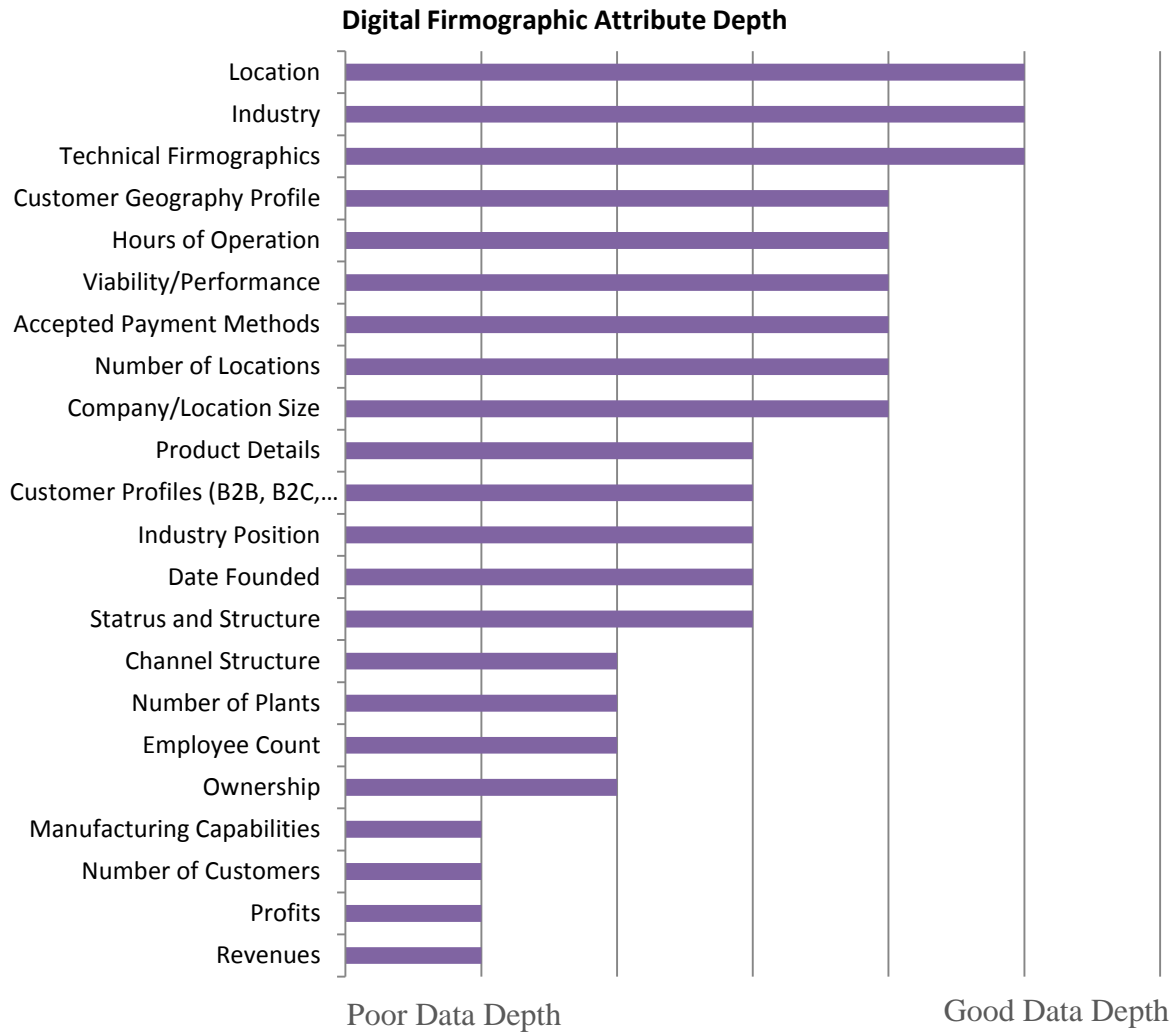
Digital Firmographic Attribute Depth

Attribute	
Location	
Industry	
Technical Firmographics	
Customer Geography Profile	
Hours of Operation	
Viability/Performance	
Accepted Payment Methods	
Number of Locations	
Company/Location Size	
Product Details	
Customer Profiles (B2B, B2C,…	
Industry Position	
Date Founded	
Statrus and Structure	
Channel Structure	
Number of Plants	
Employee Count	
Ownership	
Manufacturing Capabilities	
Number of Customers	
Profits	
Revenues	

Poor Data Depth   Good Data Depth

Figure 2 – Digital Firmographics Augmentation Areas

Other digital firmographic data that can be derived from a company's online activities that extends beyond traditional characteristics include …

- content marketing profiles
- social media marketing performance
- social media channels and handles
- customer sentiment and engagement
- automated marketing and CMS technology usage
- consumer engagement
- "built with" technical data
- corporate affiliations

Just as traditional firmographics data is collected on a periodic basis, digital data must be collected on a recurring basis. In fact, given the granularity available in some of the insights and their time series dependencies, Batavia Research has shown that weekly updates provide the optimum interval period.

Authoritative and Timeliness

An important distinction between the nature of traditional and digital firmographic data is its credibility and timeliness. The figure below highlights the nature of various data sources in relationship to their credibility and timeliness of availability.
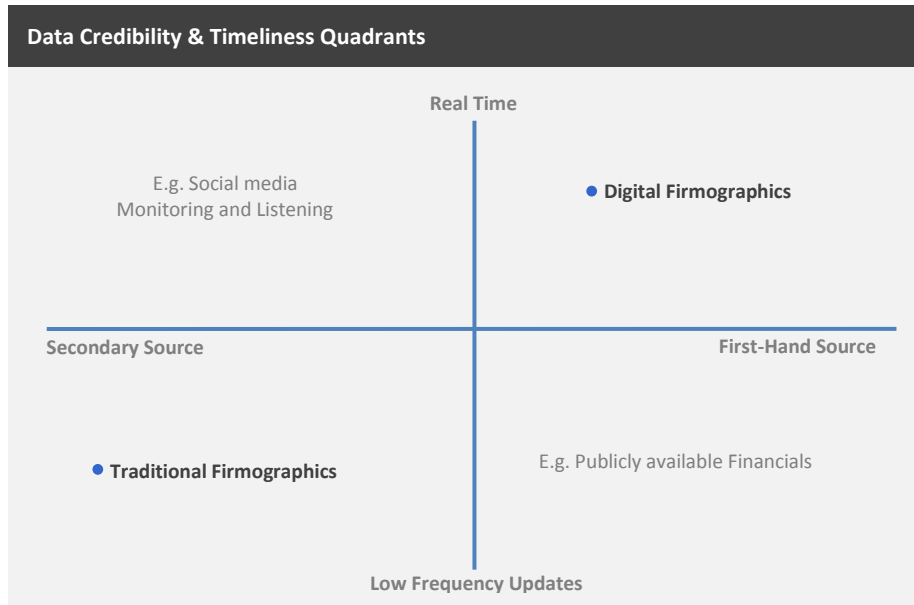

Figure 3- Data Credibility & Timeliness Quadrants

Digital firmographics is inherently a high velocity data source that can support real-time updates for many of its attributes. Moreover, many digital firmographic attributes are more credible than traditional sources because they are derived from the "owned" digital presence maintained by a company.

For example, if a company changes their address, this could be detected and flagged within hour to days rather than quarterly or annually. If there is a significant change in the "content marketing" initiatives of a business … frequent refresh periods can also help identify trends and changes over time that would be difficult to detect in annual or quarterly snapshots.

Digital firmographics delivers improved authority and significantly reduces the intervals for updates. Given the dynamic and fast changing nature of digital activities, it would only make sense to capture these characteristics and insights that parallel the speed of change.

Applications

As with traditional firmographics the range of applications and use-cases are diverse. With the addition of digital firmographics, segmentation options and applications become even more powerful.

Highlighted below are several specific application areas where digital firmographics have added value.

Data Verification and Hygiene

As suggested earlier, digital firmographic data represents credible and current data. As a result, its application for data verification and hygiene is ideal. Location, phone numbers, hours of operations (store), and so on, are maintained and updated by owners of the data themselves. The reality is that there is no other public forum that allows companies to do this … especially for the private SMBs.

One of the more significant insights that can be derived from digital firmographics is the operating status of an organization. This can play an important role in the verification and hygiene of a company record. Knowing that a company is no longer operating can reduce the priority and/or eliminate the need for verification altogether.

According to the SBA[6], about 10-12% of companies are opened and closed annually. This "churn" rate represents a costly verification effort. And a far greater number of companies have changes to their basic information such as address, employee count or contact information. By leveraging digital firmographics, the "call and verify" costs associated with keeping records up to date can be significantly reduced.

Data Enrichment

There no question … greater data depth drives greater segmentation granularity, improved filtering, and expanded and richer insights and indices. Moreover an online presence is becoming a prerequisite part of commercial activity. Bringing digital firmographics into the data mix and characterizing what companies are doing online is vital to getting a complete profile of a company. However, digital firmographics goes well beyond enriching tradition data and flat files. The data offers a new perspective on commercial entities that includes unstructured content and media, consumer engagement and conversations and much more.

Identifying New Companies

As noted earlier, nearly 10-12% of private businesses in North America go out of business and are replaced with new entrants every year. This annual churn equates to roughly 1.6 million companies. These new companies are usually off the radar of the large business information providers until public records have been processed and published or trade line data is absorbed. Leveraging digital firmographics can bypass slow-moving public records and trade data and discover new entrants on a real time basis … regardless of the industry or region.

---

[6] "U.S. Small Business Administration Office of Advocacy, published in September 2012"

Sales Enablement

Everyone wants "accelerated sales cycles". In particular, how can organizations stuff the top of the funnel with less effort and in a shorter period of time? Digital firmographics can arm sales teams to prioritize opportunities, improve relevancy, and reduce discovery costs.

Digital firmographics data is empirical. There is nothing subjective about it. It accurately reflects nature and activities of a business. Hence, this sets up the opportunity to meet the prospect at their point need and activate conversation.

One specific area of application would be in the marketing services and the automation/technology space. Digital firmographics can help characterize the marketing tools and technologies a company uses, the platform(s) supporting a website, and even a company's overall social media marketing activity and strategy.

Competitive Analysis

Sizing up the competition is a cornerstone of any business plan. It's relevant to the SWOT analysis process, messaging and marketing tactics, and potentially product/offering priorities. Digital firmographics gives insights that traditional data sources simply lack.

Understanding what the competition uses for their digital channels, the messages and topics emphasized, media variations (blogs, presentations, videos), and who their engagers are for example, are invaluable assets. Moreover, the signals and proxies produced over time can provide powerful historic insights and trends.

By leveraging alerting options, these critical intelligence insights can be pushed-out in nearly real time. Examples include …

- identifying customers that are talking to your competitors
- flagging competitor content that is "moving the needle" with engagements
- trending topics in your industry

Illuminating these insights and countless others can help organizations counter and/or adjust in a fast paced competitive landscape.

Market Research and Trend Analysis

Digital firmographics provides a range of data that can support company specific research but also macro analysis of an industry or trend. Research application include …

- consumer behavior
- consumer sentiment
- content performance
- digital marketing budgeting
- marketing mix analysis
- marketing tool usage
- media mix analysis
- social media performance and usage

- social media "entity handle" mapping
- technology usage

Risk Analysis of Private Businesses

Understanding the creditworthiness and going concern of small private companies has been elusive compared to public companies or even individual consumers.   For very small companies, it might be enough to simply profile risk using the owner(s) personal credit. However, as a private company grows, there are few ways to profile the risk an organization might pose in a supply change or for a loan officer.

Many of the digital firmographic attributes can be used to determine the going concern of a private company. This is especially true when the variables are considered over a period of time and patterns emerge. The more historic data collected on a company can only strengthen the predictive insights.

By combining numerous signals and correlating them to industry, seasonality, etc. can contribute to a so called "business health indicator" score. The score can determine the going concern of a company and ultimately whether a company is still operating.

Company News Alerts

Digital firmographics provides a constant supply of unstructured data reflecting what an organization is talking about and how people are engaging. This "raw news" is a contrast to traditional news aggregators and sources because it is firsthand, timely and in-depth.

Companies are increasingly disclosing product releases, strategic changes and even executive changes on their digital properties (e.g. blogs, social media, and website) before broader releases occur through traditional outlets or wire services. This trend is allowing people to bypasses the edited and curated content associated with second hand sources. Ultimately, because raw news is first-hand, it is more accurate and credible.

There's also the issue of timeliness. Digital firmographics can help make sense of newsworthy company information in almost real time. The value of this is best illustrated through time-sensitive industries like finance which monitor posts and comments from corporate twitter accounts and blogs.

One of the more interesting things about deriving news from digital firmographics is that it is not only collecting first-hand information from the company but also from the consumers who've engaged a particular brand. This engagement data can reveal market sentiment toward the brand and flag systemic issues at an organization before it becomes a headline.

Unstructured Social Data Attribution

Today, unstructured data is being generated and collected at volumes and velocities that were unimaginable even a few years ago. However, the insights and signals buried in unstructured posts and comments are still hard to find. This difficulty has called into question the ultimate value of unstructured social data.

A key part of the problem is that high-volume social data providers don't attribute posts, comments or user handles to a company or commercial entity. Attribution would ultimately require mapping each company to their social handles at channels such as Twitter or Facebook.

Digital firmographics on the other hand includes data that maps organizations to their social handles, profiles, and user names. This data mapping provides the attribution needed to finally make sense of unstructured social media data. Ultimately, digital firmographics can help uncover a new layer of value by adding context to unstructured data generated on social networks.

Concluding Remarks

Companies are establishing their online presence and engaging users at an increasingly faster pace. The internet is becoming the global "Main Street" and digital firmographics represent the companies' "store fronts". This data is a vital dimension to a company's overall profile.

The cornerstone of digital firmographics is a company's "owned" channels, content and engagements. "Owned" activity is first-hand and is inherently a more accurate and current source of information.

Digital firmographics dramatically extends the value of existing company data and supports applications that range from marketing research to commercial risk analysis. Below is summary of the applications discussed earlier...

- Data Verification and Hygiene
- Data Enrichment
- Identifying New Companies
- Sales Enablement
- Competitive Analysis
- Market Research and Trend Analysis
- Risk Analysis of Private Businesses
- Company News Alerts
- Unstructured Social Data Attribution

Ultimately digital firmographics represent a "new data frontier" that cannot be ignored. Recognizing and embracing this opportunity will ultimately translate into improved gains and minimized losses.

About

Batavia Research (BR) serves information and financial service providers with digital firmographics and actionable insights that reduce the cost of verification, enrich existing business records, provides deeper depth of data, improves the effectiveness of marketing and sales initiatives, and augments risk and performance insights. This company-centric focus is achieved via BR's proprietary technology that discovers, gathers and characterizes an organization's complete digital presence and online activities.

Key actionable insights include company open/close status, change of traditional firmographic characteristics (i.e. address), what companies are talking about, who are they talking to, Content Marketing Index, Business Health Index, multiple alert options and about 20 other indices.

Underpinning BR is a highly automated, scalable platform that evaluates the digital presence and online activities of companies and brands. A language agnostic approach provides global reach and insights. Data is updated weekly and transformed into various signals, proxies and the indices just highlighted. Partners of BR have access to their data via import/export or API data streaming capabilities.

Contact

batavia research

Batavia Research
1592 North Batavia
Orange, California
92867

www.BataviaResearch.com
info@bataviaresearch.com
1.714.834.1200