



TARGUSinfo[®]

HOW TO WIN AND KEEP THE LUCRATIVE SMB SUBSCRIBER

A TARGUSinfo Thought Leadership Paper
on small to medium-sized businesses

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HOW TO WIN AND KEEP THE LUCRATIVE SMB SUBSCRIBER

Executive Summary

Telephone companies and cable operators are in a heated battle for the small to medium-sized business (SMB) sector, a \$25 billion market traditionally controlled by the telephone companies. Both sides are looking for ways to win and keep SMB subscribers by providing better service at better prices.

Communication service providers can help their cause by transforming SMBs' phone and high-speed data lines into powerful marketing tools. They can provide services to their SMB customers that:

- Thoroughly identify consumers or businesses who have contacted them via the phone
- Supplement their contact information with demographics that will allow SMBs to better understand their customers, such as age, income and marital status data
- Automatically follow up with prospects who don't immediately convert
- Mail people who have recently moved into a geographic area within 72 hours of their arrival
- Enable SMBs to be more prominent in local online search, dramatically improving chances that consumers will find them

The communication service provider that delivers valuable services like these will become the vendor of choice for SMBs in their regions.

How to Win and Keep the Lucrative SMB Subscriber

As telephone companies roll out video and as cable operators roll out voice, the small to medium-sized business (SMB) has become a desirable prize for every service provider.

Telephone companies have traditionally dominated the SMB market along with the rest of the \$115 billion US business market, but cable operators see a huge growth opportunity. They are aggressively promoting voice, video and high-speed Internet to companies of up to 100 employees — a \$25 billion segment. Their promise: better service at better prices.¹

“If you’re a pizza parlor or a small law firm, you’re not going to get special service from the phone company,” Comcast Chief Executive Brian Roberts told the *Wall Street Journal*.² “But they’re going to be *our* most important business customers.”

That said, telcos sound ready for the struggle. “[Cable operators] may suggest they’re going to come in and eat our lunch,” Verizon spokesman Eric Rabe said.³ “We’ll see what they do.”

Helping SMBs Do Business

Every provider, regardless of which side it’s on, is stepping up efforts to lock in the SMB customers they already have and rapidly acquire new ones. Effective subscriber acquisition and retention start with good service and good prices, but what else can a communication services provider (CSP) offer a small to medium-sized business to win them over? *Help transform their phone and high-speed data lines from cost centers to profit centers.*


Large businesses already know how to make their telephone and data lines deliver a strong return on investment. They operate sophisticated call centers that provide customer care and handle inbound sales calls. Great call centers that please customers are powerful points of competitive differentiation. For many small to medium-sized businesses, however, their phone and data services are still basic utilities — little more than lines into a building and a considerable business expense.

One way CSPs can lock in new and existing subscribers is to do for SMBs what call centers do for big business — transform telephones, high-speed data lines and even wireless phones into powerful marketing tools. If providers can pull this off, they will improve chances that their retention and acquisition rates will rise and their churn rates will fall.

1 “Cable Firms Woo business in Fight for Telecom Turf,” *Wall Street Journal*, Jan. 17, 2007

2 Ibid.

3 Ibid.



The challenge for CSPs is finding a way to bring call-center-like capabilities to SMBs but on a smaller scale. A CSP can't just sell an SMB some customer relationship management software and walk away. SMBs have unique needs. They have small or nonexistent IT staffs that are usually overburdened. SMBs can't afford heavy customization or protracted consulting engagements. Ease of use and flexibility are critical, but SMBs do want to leverage their back-office data systems in their customer-facing operations.

As Jim Schaper, chairman and CEO of Infor Global Solutions, a midmarket applications vendor, puts it, “[SMBs] want very specific functionality at the lowest total cost of ownership with the least amount of complexity.”⁴

So CSPs who can *simply* and *cost-effectively* transform telephone and data lines into powerful marketing tools will have a distinct advantage in retaining their SMB customers and winning new ones.

CSPs are already offering SMBs pre-configured voice, video and data bundles, some of which have Web site hosting, collaboration and teleworker enhancements. If the telephone is to become a true marketing tool, however, it must offer true marketing capabilities such as *automatic lead capture* and *program execution*. SMBs have a host of basic marketing needs in this area demanding to be filled.



Who exactly called me?

The traditional way for an SMB to capture this data is by querying the caller, scribbling down a note or keying information into a spreadsheet character by character. SMBs can capture more sales leads more quickly and more accurately if verified names, addresses and phone numbers are delivered on demand, in a split second. Capturing this information automatically gives businesses a foolproof way to follow up with prospects who never gave them a name or who phoned the business after hours. Automated capture of accurate customer data is important. As CRM consultants Bernice Grossman and Ruth P. Stevens say, “Bad data is worse than no data at all.”⁵

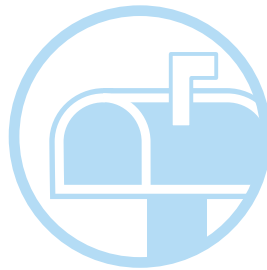
⁴ Interview with IDG News Service, published Nov. 27, 2006.

⁵ White paper, “Our Data is a Mess!” October 2005.



What else can you tell me about callers that I don't already know?

Contact information is precious, but demographics like income, age and marital status are gold. Demographics make it easy for SMBs to tailor offers so that they are more attractive to prospects. Knowledge about customers and prospects also improves basic customer service and, consequently, customer satisfaction.



What sophisticated marketing programs can I execute without hiring more people or siphoning time from key work?

CSPs should be able to give subscribers more than detailed call data. Subscribers need powerful tools to leverage that data. For example, they would benefit tremendously from an easy way to follow up with customers who have phoned them, e.g., through direct mail.

How can I be first to pitch the people moving into my business' geographic area?

Many SMBs are focused on neighborhoods in their immediate area, and new people moving to their target areas can be extremely valuable prospects. These customers spend. Homebuyers and renters in the pre- and post-move cycle spend approximately \$170 billion annually on move-related products and services, according to a 2006 Move Inc. survey. In the months surrounding a move, the average household spends nearly \$9,000 on products and services that are linked directly to the move.



How can my CSP help me improve my visibility on the Web?

Local search is critical for SMB success. The Yellow Pages used to be the primary consumer source for local business information. Today online local search plays a huge role in commercial exposure. CSPs typically have been unable to help SMBs with their search-engine marketing. It has been beyond CSPs' scope. That's changing.

CSP-delivered marketing tools

CSPs for the first time have an opportunity to quickly satisfy all of these subscriber marketing needs with negligible IT investment on anyone's part — by leveraging existing on-demand, or hosted, marketing services. On-demand services eliminate the traditional IT burden of implementing new applications. CSPs have a natural vehicle for providing on-demand services in the portal they have created for each SMB. If the CSP doesn't have a portal, it may opt to provide the SMB marketing services directly to its subscribers' Web browsers.

This service-based approach satisfies pressing marketing needs. SMBs are rejecting complex installed applications in favor of on-demand services they can simply activate. SMBs of 1,000 or fewer employees are on track to spend \$2.44 billion on hosted/software as a service (SaaS) customer-relationship management (CRM) and enterprise resource planning/supply chain management in 2007, up some 17% over 2006, according to a market forecast by AMI-Partners.⁶ CRM is the fastest-growing category among hosted software solutions.

All of the following marketing services for SMBs are available on demand.



Identify Callers — SMBs automatically view the full name and address associated with the phone number of people who call the business, regardless of whether a conversation actually takes place. This capability fills SMBs' marketing databases with a steady stream of new prospects for whom there is verified contact information.

Profile Callers — Captured contact information becomes even more valuable when enhanced with short demographic descriptors about each individual, including age, income and marital status. This data enables SMBs to better know their customers and prospects and customize marketing programs, including on-the-fly segmented offers.

⁶ The CIO Weblog, www.cio-weblog.com/50226711/smb_spending_up_17_ami_partners.php, Dec. 17, 2006



Automatically Follow up — Subscribers close more sales by automating follow-up correspondence — for instance, a “thank you for getting in touch” note with a discount offer — to prospects who have called into their business but didn’t immediately convert into customers. This follow-up also works with prospects who hang up before leaving a name or call when the office is closed.

Mail New Neighbors — With this service, subscribers are first to contact people who’ve just moved into their geographic area by automatically mailing offers within 72 hours of the move. A landscaper, for example, might use the service to mail a lawn-care offer to new residents in the suburbs, getting the jump on competitors who haven’t learned about these new neighbors.



Update One’s Online Search Listing — This unique service lets subscribers directly improve their chances that eager consumers will choose them over competitors. Subscribers have full control over the key words behind their online listings in more than 40 local search engines and directories, maximizing their prominence in local-search results. No longer does a consumer looking for a prom gown or wedding dress need to type in “bridal shop” before she finds one. “Wedding dress” will be enough to uncover the retailer — thanks to tools provided by the CSP.

Local search is one of the most important new business channels for SMBs. Local search is the second-most-frequently used online service after email, according to a recent Piper Jaffray & Co. survey.⁷ Internet search is twice as efficient as the Yellow Pages for customer acquisition (and also more effective than display ads, direct mail and email), the survey found.⁸

Performing a local search drives consumers to take action, according to a study by comScore Networks, a digital-age measurement company. For example, during the second quarter of 2006, 47% of local searchers visited a local merchant as a result of their search behavior, while 41% made contact offline. More than one-third (37%) made contact online as a result of conducting a local-area search.⁹

⁷ Piper Jaffray & Co., 2006 Online Media Survey

⁸ Ibid.

⁹ comScore news release, Sept. 28, 2006.



Keeping It Simple

By providing packaged, on-demand marketing services to its subscribers, a CSP transforms its portal from a mere convenience — a way for their SMB subscribers to look at a bill online or check email — into a valuable tool that helps drive core sales and marketing operations. Where there's no portal, the CSP can still provide some of the services to its SMB customers through links on the corporate Web site. In either case, the arrangement requires little to no IT work on anyone's part.

Most importantly, the CSP has transformed the provider/subscriber relationship into a profitable partnership on which the SMB relies deeply for its success. This is the basis for unprecedented loyalty among current subscribers and a compelling reason for competitors' customers to switch.

TARGUSinfo, the leading provider of On-Demand DataSM services for communications service providers and other consumer-facing businesses, provides all of the services described in this paper as part of a multifaceted, Web-based offering to help cable operators, CLECs and other next-generation telephony providers win over the eight million SMB voice subscribers in the United States.

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About Kim Garner

As Vice President of Product Marketing for TARGUSinfo, Kim brings more than 18 years of data expertise to her leadership of product development. Kim is responsible for setting the overall product strategy for TARGUSinfo, introducing new products and product enhancements, and providing applications support to TARGUSinfo clients. Currently, Kim is designing solutions to help communication services providers create stickier subscriber-facing services, such as Enhanced Caller Detail for interactive address books and remarketing. In addition, Kim is leading the introduction of solutions for CRM and marketing that will help businesses improve their interactions with prospects and customers who contact them over the phone or on the Web. Prior to joining TARGUSinfo, Kim was a Regional Vice President for Claritas, Inc., a leading provider of modeling and other analytic tools to clients in a broad range of industries. She has also worked for Prudential Insurance where she oversaw all customer segmentation and site analysis projects. Kim holds a B.S. degree in Political Science from Duke University.

About TARGUSinfo

TARGUSinfo is the trusted source for name, address and phone data that organizations use as they interact with prospects and customers.

With the right knowledge at the right moment, our information services help organizations increase revenue, create more satisfying experiences and produce savings from new efficiency.

Whenever organizations need it, we deliver the most up-to-date consumer and business information possible. We enable them to treat unknown prospects like longtime customers, provide Caller ID and Enhanced Call Detail, ensure quality for lead generation, add confidence to risk-management decisions and make call routing more accurate and reliable. Millions of times every day, businesses rely on our data for transactions initiated by their prospects and customers, whether they are over the phone, on the Web or at the point-of-sale.

To provide this unique level of service, TARGUSinfo has built a foundation of data from the nation's telecommunications providers, making our information exceptionally precise, relevant and actionable. Drawing from a proprietary network of over 90 data sources, TARGUSinfo uses patented processes to link together the most complete and accurate name, address and phone data possible. Those linked elements also connect to information such as demographics, location, predictive buying behavior and risk-assessment factors. A real-time query-and-response network delivers this exceptional data to TARGUSinfo customers in sub-second speed, whenever our customers need it.

A privately held company, TARGUSinfo is headquartered in Vienna, Virginia. For more information, visit www.TARGUSinfo.com or call 800.6TARGUS (800.682.7487).



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