

Understanding What Customer Value

What Is Value

Understanding Value For Customer

Question?

Two suppliers are trying to sell you mulch film: thin plastic sheets that are placed on the ground to hold in moisture, prevent weed growth, and allow melons and vegetables to be planted closer together. The first supplier comes to you with this proposition: “Trust us – our mulch film will lower your costs. We’ll provide superior value for your money.” The second supplier says, “We can lower the cost of your mulch film by \$16.83 per acre,” and offers to show you exactly how. Which proposition would you find more convincing?

What Is Value

Answer?

Value in business markets is the worth in monetary terms of the technical, economic, service, and social benefits a customer can change for the price it pays for a market offering. We will elaborate on some aspects of this definition.

- **First, we express value in monetary terms**, such as dollars per unit, guilders per liter, or kroner per hour. Economists may care about “utils,” but we have never met a manager who did!
- **Second, by benefits, we mean net benefits**, in which any costs a customer incurs in obtaining the desired benefits, except for purchase price, are included.
- **Third, value is what a customer gets in exchange for the price it pays**. We see a market offering as having two elemental characteristics: its value and its price.

Building Customer Value Models

Field value assessments

Field value assessments (also known by other names, such as value-in-use or cost-in-use studies) are the most commonly used – and, we believe, the most accurate – method for building customer value models. Field value assessments call for suppliers to gather data about their customers firsthand whenever possible.

Building Customer Value Models

Field value assessments

Getting Started

Without a doubt, the most difficult customer value model that a supplier will build is its first one.

The first step is putting together the right kind of value research team. The team should include people with product, field engineering, and marketing experience, and two or three forward-thinking salespeople. Having salespeople involved at the start is particularly important.

Selecting the right market segment to target is the next step. Because the supplier will need to conduct value assessments with at least two and perhaps up to a dozen customers to build an initial value model,

Before approaching a customer, the team should think through what it will need from the customer and what the customer will gain, and be prepared to offer an incentive.

Building Customer Value Models

Field value assessments

Generate a comprehensive list of value elements

Without a doubt, the most difficult customer value model that a supplier will build is its first one.

Value elements are anything that affect the costs and benefits of the offering in the customer's business. These elements may be technical, economic, service, or social in nature and will vary in their tangibility.

Often, the value research team will have to make **trade-offs between relying on a customer's perception of what all the relevant elements are and actually observing firsthand** the ways in which the supplier's offering affects the customer.

Focus groups made up of representatives from each functional area in a company can also be an effective mechanism for uncovering data. The value research team also needs to be creative in finding other sources of information. Independent industry consultants or knowledgeable personnel within the supplier company can be good sources of initial estimates.

The ease with which the team can establish monetary estimates for its value elements will vary. **The value of social elements such as greater peace of mind, for example, is generally very difficult to express in monetary terms.**

In any field value assessment, **suppliers will find that some assumptions must be made** in order to complete an analysis.

Building Customer Value Models

Field value assessments

Validate the model and understand variance in the estimates.

After building the initial value model, **the supplier should validate it by conducting additional assessments with other customers** or potential customers in the market segment.

What's more, as **the supplier conducts additional value assessments**, it will develop a greater understanding of where it needs to use firsthand data and where it can rely on customers' perceptions.

In conducting additional assessments, the supplier will also **learn how the value its offerings provide varies across kinds of customers**.

Building Customer Value Models

Field value assessments

Create value-based sales tools

Suppliers can not only use value models to inform and guide their own decision making but also to create persuasive sales tools. **One common sales tool is a value case history.** Value case histories are written accounts that document the cost savings or added value that a customer receives from its use of a supplier's market offering.

Value assessment can also become a service that suppliers offer as part of a consultative selling approach.

Building Customer Value Models

Field value assessments

Putting an Understanding of Value to Use

Suppliers can use their understanding of value to strengthen performance create competitive advantage in several ways. For example, a supplier can use its knowledge to elementary services, pro- grams, and systems in its current market offerings and to guide the development of new offerings. Integrating everything it has learned about value into its marketing efforts, it can also gain new customers.

Building Customer Value Models

Field value assessments

Managing Marketing Offerings

Suppliers can capitalize on the inevitable variation in customers' requirements within market segments and increase their profitability by **providing flexible market offerings**. Doing so entails constructing what we call naked solutions with options. Naked solutions consist of just those product and service elements that all customers within a market segment value. We said that suppliers should strive to **sell naked solutions at the lowest possible price** that will yield a profit. Then suppliers should “wrap” those solutions with options-specific product and service elements that some, but not all, customers value.

Rather than finding value drains by chance, as in the example, suppliers can set out to detect them by using field value assessment in conjunction with activity-based-costing analysis. Identifying and eliminating value drains results in better allocation of resources and improved profitability

Building Customer Value Models

Field value assessments

Guiding the Development of New or Improved Products and Services.

Most market research that is conducted to provide an understanding of a customer's requirements and preferences does not address the question: **"If we do X, what is it worth to that customer?"** Knowing that an improvement in some functionality is important does not tell a supplier if the customer is willing to pay for it. **Value models provide that information.**

Building Customer Value Models

Field value assessments

Gaining Customers

Knowledge of how their market offerings specifically deliver value to customers **enables suppliers to craft persuasive value propositions**. Consider the case of Greif Brothers Corporation, which produces fiber drums, plastic drums, and intermediate bulk containers for food products and chemicals manufacturers.

Building Customer Value Models

Field value assessments

Sustaining Customer Relationships.

At the core of all successful working relationships are two essential characteristics: **trust and commitment**. To demonstrate their trustworthiness and commitment to customers, progressive suppliers periodically provide evidence to customers of their accomplishments

Building Customer Value Models

Field value assessments

Delivering Superior Value and Getting an Equitable Return

Understanding value in business markets and doing business based on value delivered gives suppliers the means to get an equitable return for their efforts. **The essence of customer value management is to deliver superior value and get an equitable return for it, both of which depend on value assessment.**

Magpie – Value Propositions

Value Propositions For Each Stakeholder

Value Propositions

For consumers, Magpie offered a superior online shopping experience. **With a single Magpie account, consumers could seamlessly transition from discovering a product to buying it, without needing to leave the page.** Also, with a retailer-agnostic product catalog, Magpie could display the lowest-priced option currently in stock for a product, further reducing effort for online shoppers.

For publishers, Magpie offered a means of monetizing their content and increasing reader engagement with minimal effort. Magpie's product tagging process involved much less effort for publishers than generating affiliate links to place in their content. **All current solutions required content creators to update the actual underlying HTML code of their websites, while Magpie provided them with a tool that made adding tags and searching for products as simple as dragging a tag over an image.**

For retailers, who partnered with Magpie the benefits included an easier way to reach consumers than through affiliate links and display advertisements, reduced cart abandonment and increased online sales.

Magpie – Finding Values

Magpie Sample

Interview Questions

- - How did you initially get started with blogging?
- - Could you please walk us through the steps you take when you write a new post?
- . How long does this entire process typically take?
- . Do you design your own website?
- . It must be so difficult to create all this content and be tech savvy, how did you learn?
- . Do you take your own photos?
- . Do you have a team that helps manage anything?
- - What is your favorite part about blogging? What is your least favorite part
- - Aside from personal style, what factors lead you to pick a certain product?
- . (If using affiliate links) If a product is carried by more than one retailer, how do you select the retailer to link to?
- - What are the different ways you make money off your content?
- . Which is your favorite / least favorite? Why?

Magpie – Example Persona

Personas

Sample Personas

BUYER PERSONA – HOBBYIST HARRY



"I love spending time on my passion, but wish it were simpler to make money off of my work. It seems very daunting and technical."

Primary Motivators

- Maintaining authenticity and integrity in terms of personal style.
- Sharing their personal style and engaging with readers.
- Growing readership and beginning to monetize content are goals for Hobbyist Harry, but not at the expense of his integrity or enjoyment.

Demographic Characteristics

- Blogger could be male or female
- Typically between ages 21 and 45
- Blogging part-time with a modest readership
- Lacks technical sophistication
- Values integrity and authenticity highly

Key Pain Points

- Blogging is time consuming and can be technically demanding.
- Unsure how to grow readership and monetize content.

BUYER PERSONA – WEB WENDY



"Sometimes it feels more like I'm running a small fashion-technology company than a style blog. I like to test out different solutions and see what works best."

Primary Motivators

- Eager to experiment with new technical solutions that make money and engage readers.
- Authenticity and integrity of style is less important than for Hobbyist Harry.
- Growing readership and monetizing content are primary motivations.

Demographic Characteristics

- Blogger could be male or female
- Typically between ages 21 and 45, skews younger
- Blogging full-time or looking to transition from part-time
- High degree of technical savvy
- Eager to experiment with different solutions

Key Pain Points

- Technical limitations of some products (such as RewardStyle's mobile offering) fall short of expectations.
- Lacks deep data insights to understand reader preferences and what makes some content more successful.

What Salespeople Need to Know About the New B2B Landscape

B2B Buyers Purchase Cycle

How Buyers Arrive A Purchase Decision

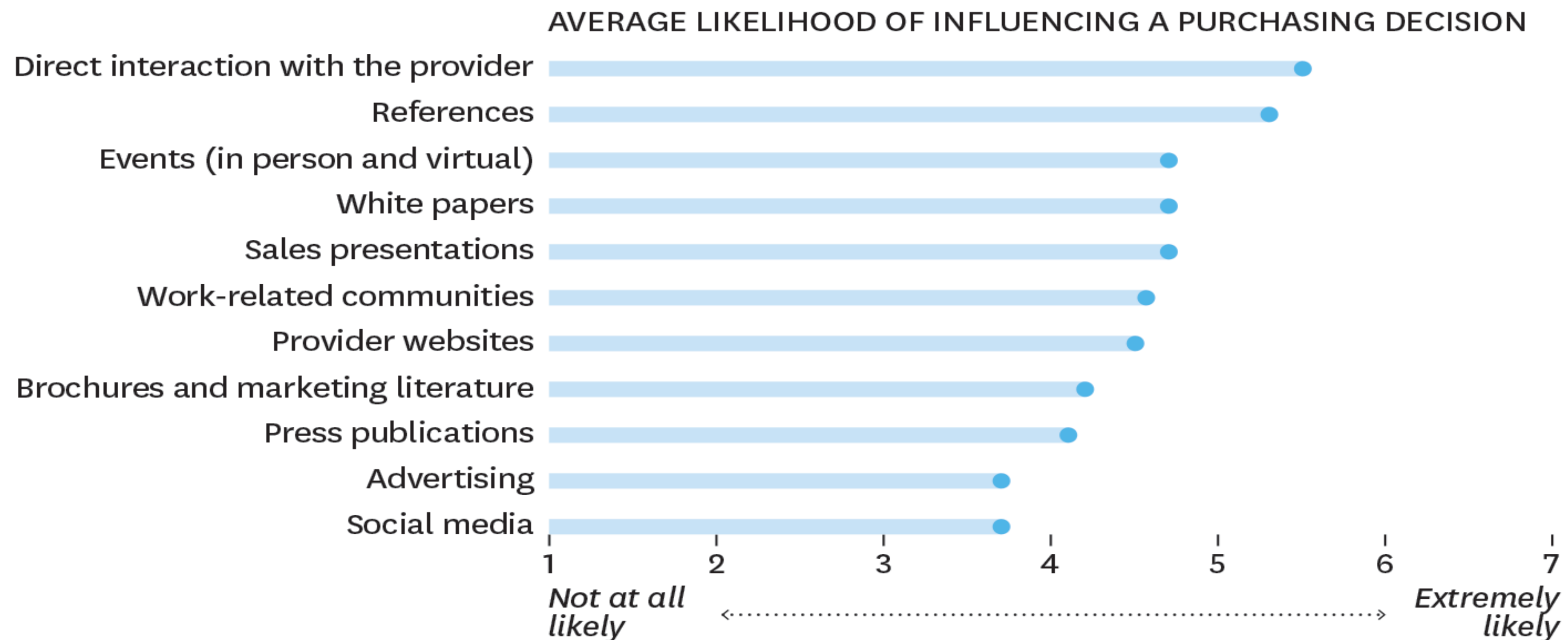
Buyers actually work through four parallel streams to make a purchase decision.

- **Explore:** Here, buyers identify a need or opportunity and begin looking for ways to address it, usually via interactions with vendors and self-directed information search on the internet.
- **Evaluate:** Buyers take a closer look at options uncovered while exploring, again leaning heavily on self-directed search and peer interactions as well as vendor sales representatives.
- **Engage:** Buyers initiate further contact with providers (or accept proposals from providers) to get help in moving toward a purchase decision.
- **Experience:** Buyers use a solution, increasingly in pilots or proof of concepts, and develop perceptions about its value based on that usage.

B2B Buyers Purchase Cycle

The Most Influential B2B Marketing Activities

On average, business buyers say direct interactions with providers influence their purchasing decisions more than anything else.



SOURCE "TECH GO-TO-MARKET: EFFECTIVE SALES INTERACTIONS GUIDE BUYERS FORWARD THROUGH INSIGHTS AND ADDED VALUE" BY HANK BARNES AND TIFFANI BOVA, GARTNER

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B2B Buyers Purchase Cycle

The sales force is more important than ever.

Regardless of which path customers take, or in which order they take them, they want to deal with people who can help them move toward a purchase decision, be the internal champion at the vendor, and bring it together for that customer. In fact, B2B buyers report that, compared to other sources of information, these interactions are the most influential in their decision making process.

The research also found that, across all buying streams, buyers emphasized that interactions with sellers — technical demonstrations, sales presentations tailored to my company's need – should be about the buyer's needs.

B2B Buyers Purchase Cycle

Buying is a continuous and dynamic process.

Specious talk about disintermediation of salespeople obscures the real issues facing firms. **Sales people are not disappearing, but buying processes and therefore sales tasks are changing.**

For example, note that in the second figure above **customer references** are a close second in terms of influence, and the nature of references has changed. In the past, a buyer might ask for references and that seller would cite a few satisfied customers. But through the web, customers connect with each other and get unedited versions of others' experience through review sites

Also playing important roles are **events, white papers, and the seller's website** — activities that are typically part of marketing's domain.

More generally, it's important to recognize that web sites, blogs, and other digital media have made vendor **organizations more visible and transparent to potential buyers**, which has disrupted the inside-out funnel approach.

Finally, if you consider the streams that now characterize B2B buying and what buyers value in their suppliers' behaviors, a big disconnect becomes apparent. Despite huge advances in technology over the past two decades, **most sales models and performance practices are the ad-hoc accumulation of years of reactive decisions, often by different managers pursuing different goals.**

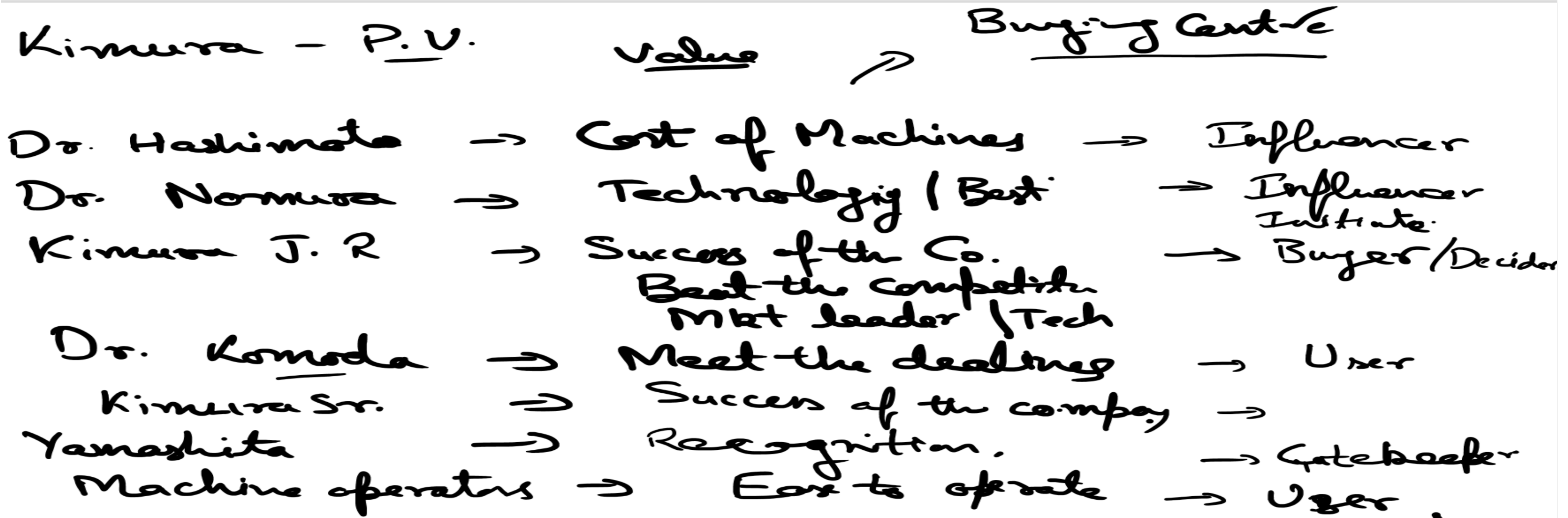
B2B Buyers Purchase Cycle

Choices are often false

Despite what you often hear, no single tactic — e.g., a given selling methodology, “challenging” the customer, or more “big data” analytics — will address the new reality. Aligning buying and selling is a process, not a one-shot deal.

Finally, to paraphrase Churchill, it is not “the end of solution sales” and it’s not the beginning of the end.

B2B Buyers Purchase Cycle





Market Oriented?

Market Oriented

Market oriented, not marketing oriented!

- A market-oriented organization is one whose **actions are consistent with the marketing concept aka business philosophy**.
- Three core themes or “pillars” underlie these ad hoc definitions:
 - (1) customer focus,
 - (2) coordinated marketing, and
 - (3) profitability
- All Corporate Departments Are Involved
- Direct, lateral communication across departments.

Market Oriented

Core Pillars

Customer Focus

- Without exception, the managers interviewed were consistent in the view that a **customer focus is the central element of a market orientation**.
- Customer oriented involves taking actions based on **market intelligence, not on verbalized customer opinions alone**. Market intelligence is a broader concept in that it includes consideration of
 - (1) exogenous market factors (e.g. , competition, regulation) that affect customer needs and preferences and
 - (2) current as well as future needs of customers.
- These extensions do not challenge the spirit of the first pillar (customer focus); rather, they reflect practitioners' broader, more strategic concerns related to customers.

Market Oriented

Core Pillars

Coordinated marketing

- Market orientation is not solely the responsibility of a marketing department.
- It is critical for a variety of departments to be cognizant of customer needs (i.e., aware of market intelligence) and to be responsive to those needs.
- This focused view of coordination is important because it facilitates operationalizing the construct by clearly specifying the type of coordination that is required.

Market Oriented

Core Pillars

Profitability

- Interviewees viewed profitability as a consequence of a market orientation rather than a part of it. This finding is consistent with Levitt's strong objection to viewing profitability as a component of a market orientation, which he asserts is "like saying that the goal of human life is eating."
- A market orientation entails
 - (1) one or more departments engaging in activities geared toward developing an understanding of customers' current and future needs and the factors affecting them,
 - (2) sharing of this understanding across departments, and
 - (3) the various departments engaging in activities designed to meet select customer needs. In other words, a market orientation refers to the organizationwide generation, dissemination, and responsiveness to market intelligence.

Market Oriented

Explicating the Market Orientation Construct

Intelligence generation

- **The starting point of a market orientation is market intelligence.** Market intelligence is a broader concept than customers' verbalized needs and preferences in that it includes an analysis of exogenous factors that influence those needs and preferences. E.g government regulations, competition, changing conditions in customers' industries and impact, an analysis of how customer may be affected by exogenous factors
- Effective market intelligence pertains not just to current needs, but to **future needs** as well.
- Though assessment of customer needs is the cornerstone of a market orientation, **defining customers may not be simple.** Identifying who an organization's customers are is even more complex when service is provided to one party, but payments are received from another. E.g. wholesaler or retailer or end buyer?
- Intelligence may be **generated through a variety of formal as well as informal means** (e.g. , in- formal discussions with trade partners) and may involve collecting primary data or consulting secondary sources. The mechanisms include meetings and discussions with customers and trade partners (e.g. , dis- tributors), analysis of sales reports, analysis of world- wide customer databases, and formal market research such as customer attitude surveys, sales response.
- **Collective Responsibility of all departments** and not just marketing.

Market Oriented

Explicating the Market Orientation Construct

Intelligence dissemination.

- It is **imperative to disseminate the information** gathered in step 1.
- This is done thru **formal channels** – call reports, meetings, get togethers, brainstorming, internal whitepapers, discussions.
- It is also important to **open informal channels** – getaways, dinners, hall talks, conferences,
- **Horizontal communication is the lateral flow that occurs both within and between departments** and serves to coordinate people and departments to facilitate the attainment of overall organizational goals. Horizontal communication of market intelligence is one form of intelligence dissemination within an organization.

Market Oriented

Explicating the Market Orientation Construct

Responsiveness

- **Responsiveness is the action taken in response to intelligence that is generated and disseminated.**
- Responsiveness to market intelligence takes the **form of selecting target markets, designing and offering products/services that cater to their current and anticipated needs, and producing, distributing, and promoting the products** in a way that elicits favorable end-customer response.
- **Virtually all departments—not just marketing**—participate in responding to market trends in a market-oriented company.

Market Oriented

Conceptual Framework

Four Factors defining Market Orientation Success

- (1) antecedent conditions that foster or discourage a market orientation,
- (2) the market orientation construct,
- (3) consequences of a market orientation, and
- (4) moderator variables that either strengthen or weaken the relationship between market orientation and business performance.

Market Oriented

Four Factors

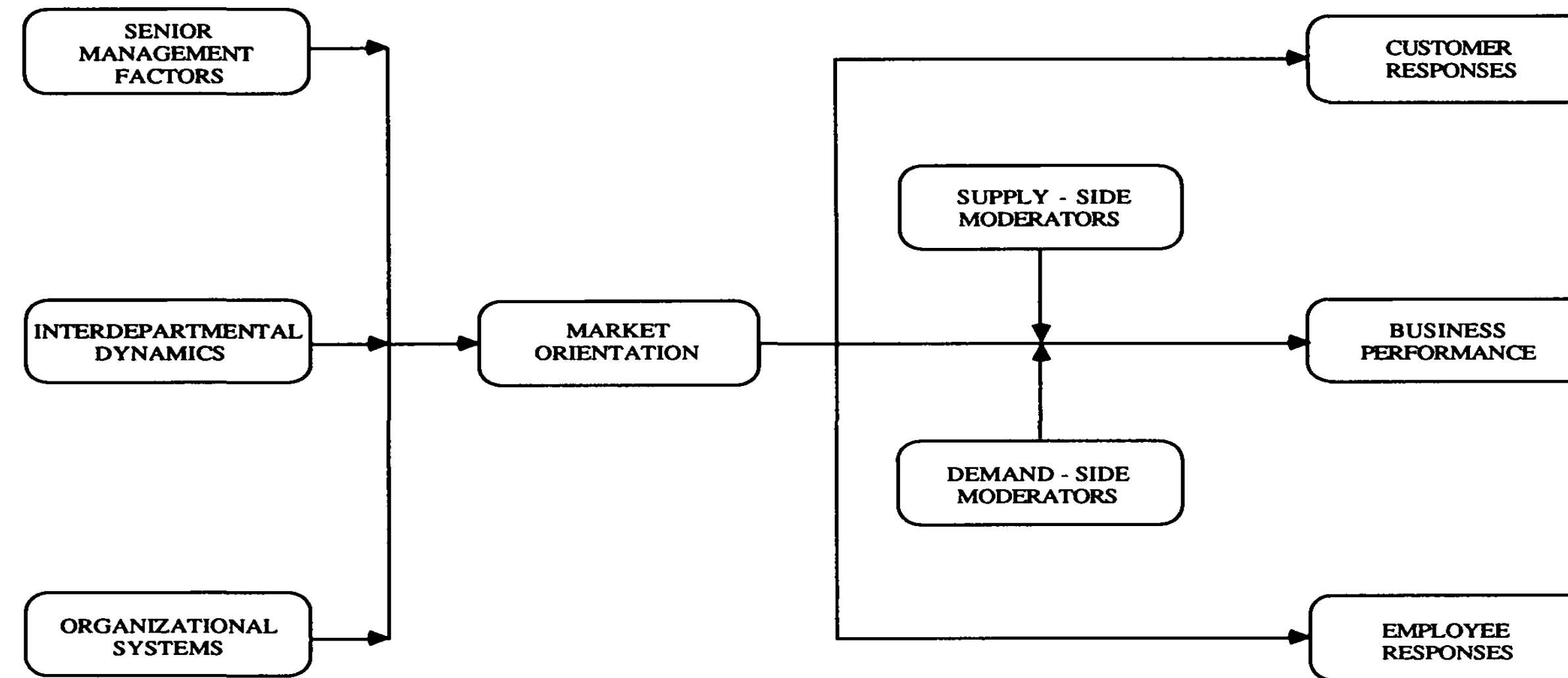
Antecedents to a market orientation

- Antecedents to a market orientation are the organizational factors that enhance or impede the implementation of the business philosophy represented by the marketing concept.
- Three hierarchically ordered categories of antecedents to a market orientation: individual, intergroup, and organization wide factors. We label these as senior management factors, interdepartmental dynamics, and organizational systems, respectively.

Market Oriented

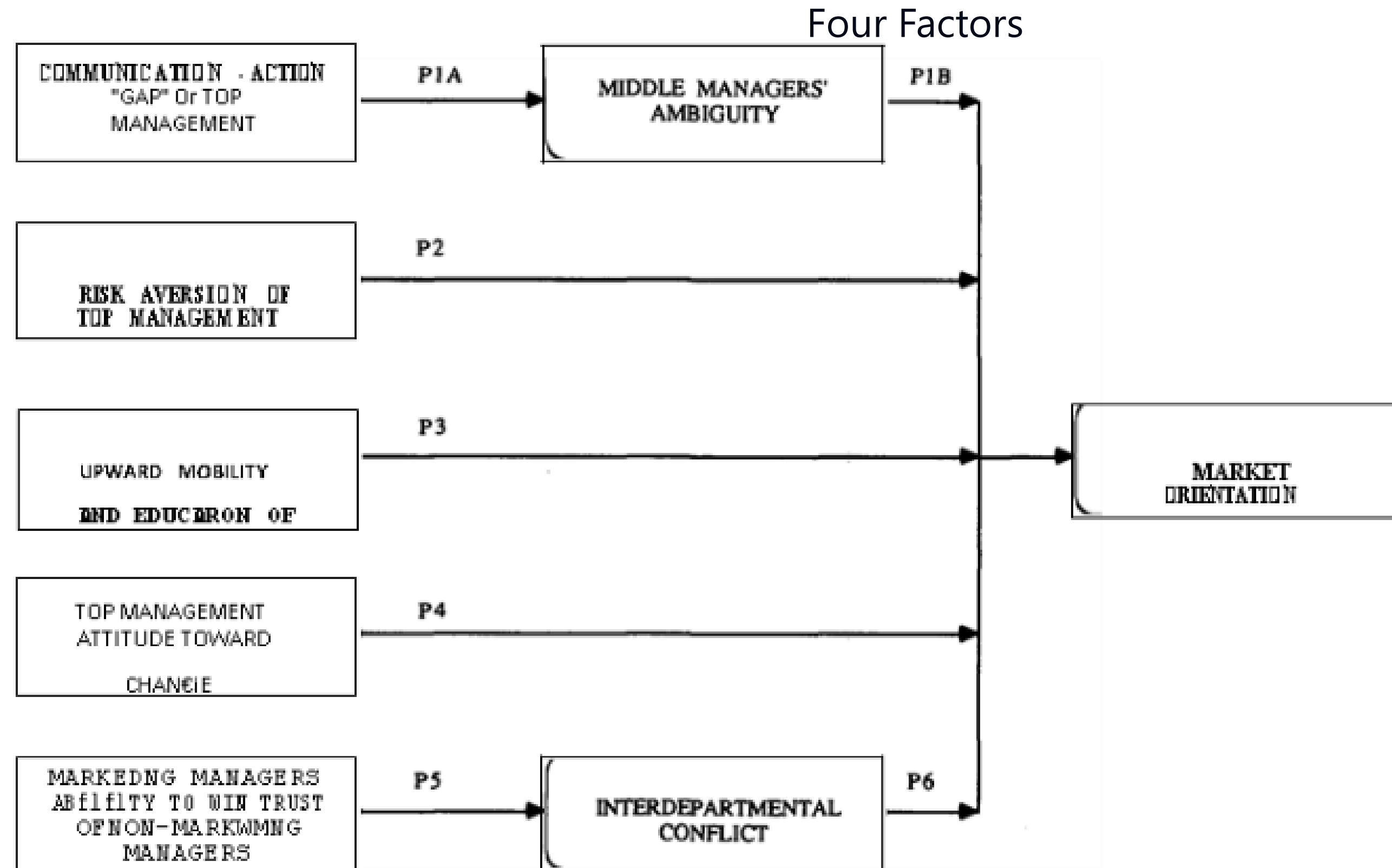
Four Factors

Antecedents to a market orientation



- Senior management – actions and not just words are the most important factor.

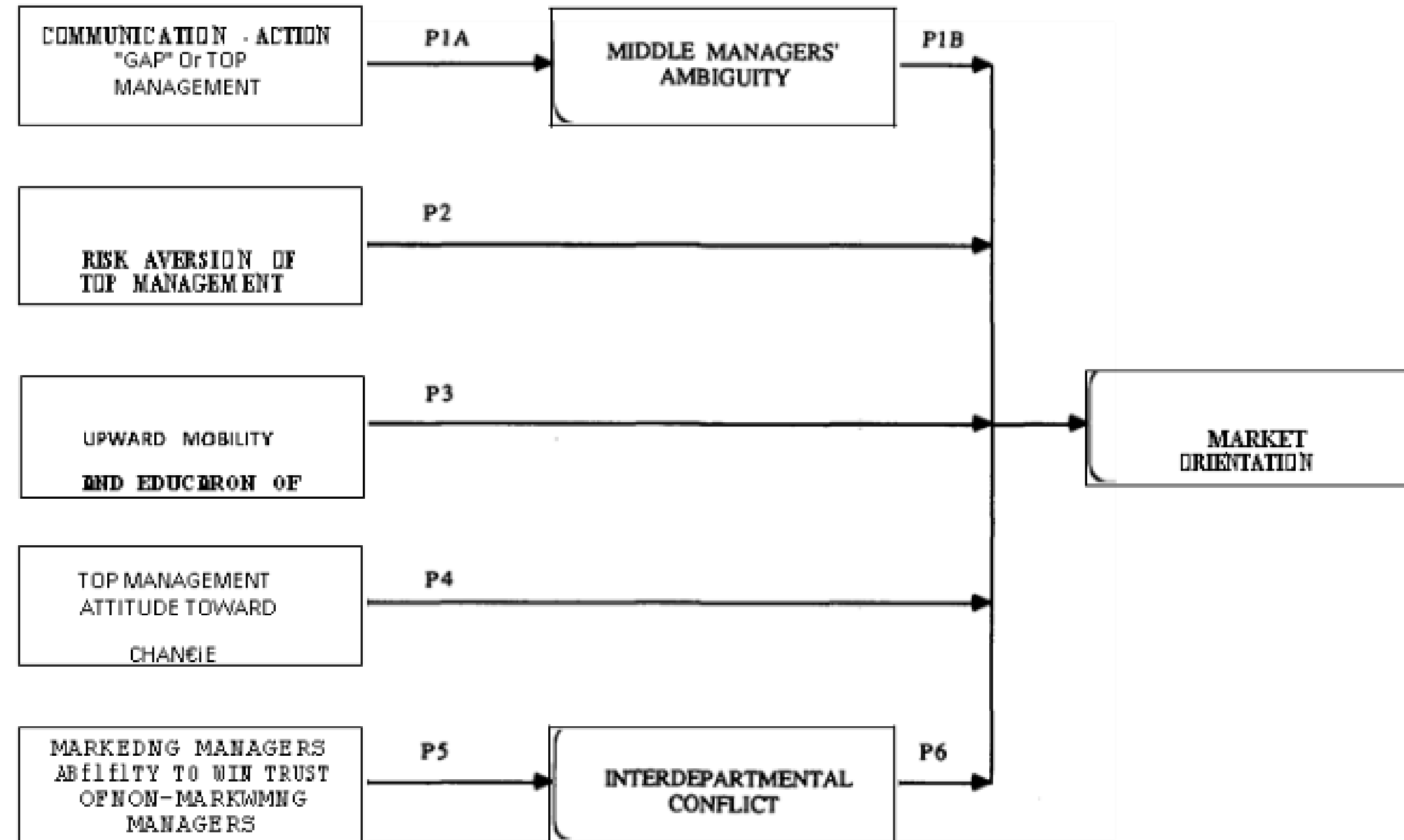
Market Oriented



- P1A: The greater the variability over time in the gap between top managers' communications and actions relating to a market orientation, the greater the junior managers' ambiguity about the organization's desire to be market oriented.
- P1B: The greater the junior managers' ambiguity about the organization's desire to be market oriented, the lower the market orientation of the organization.

Market Oriented

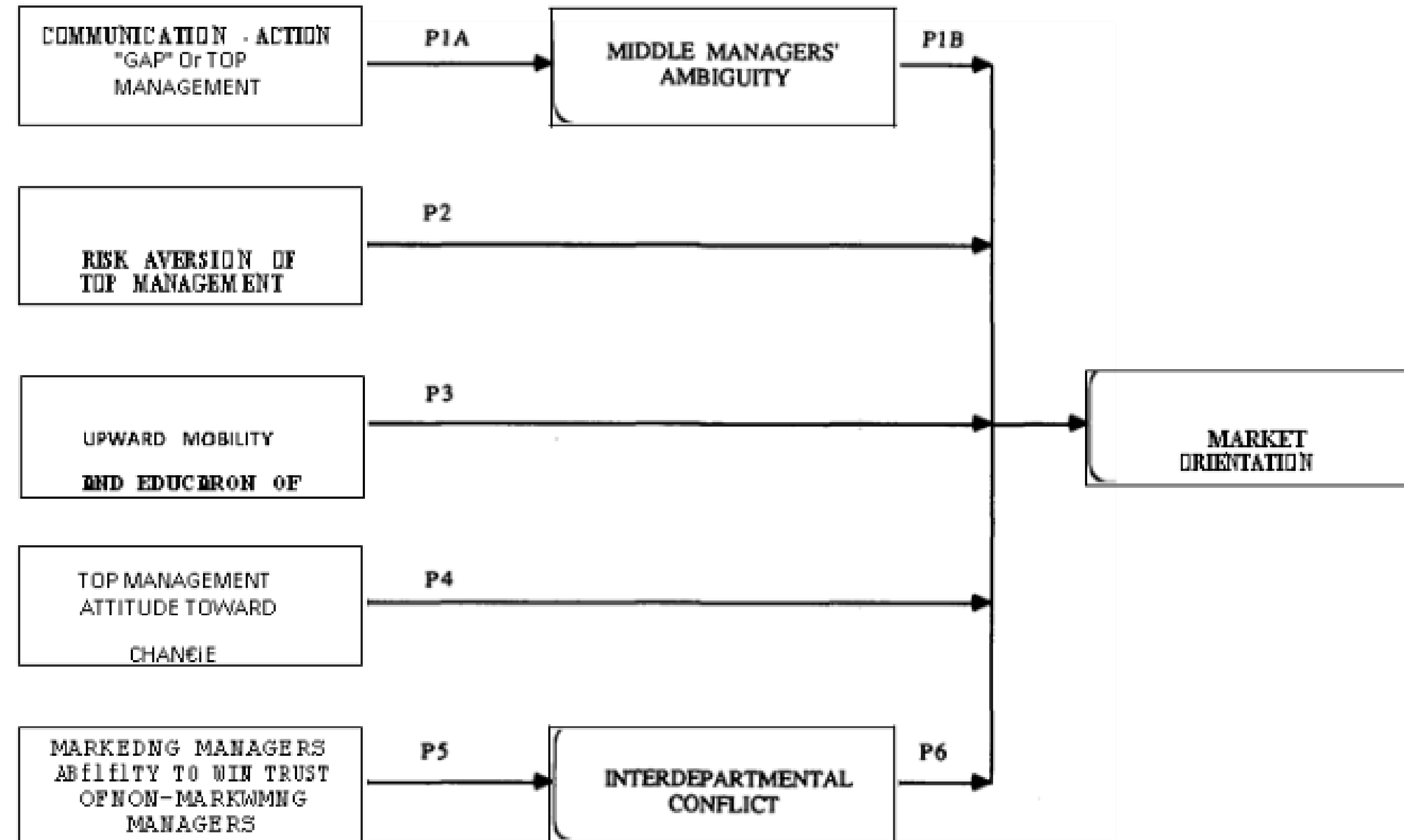
Four Factors



- P2: The greater the risk aversion of top managers, the lower the market orientation of the organization.
- P3 : The greater the senior managers' (1) educational attainment and (2) upward mobility, the greater the market orientation of the organization.

Market Oriented

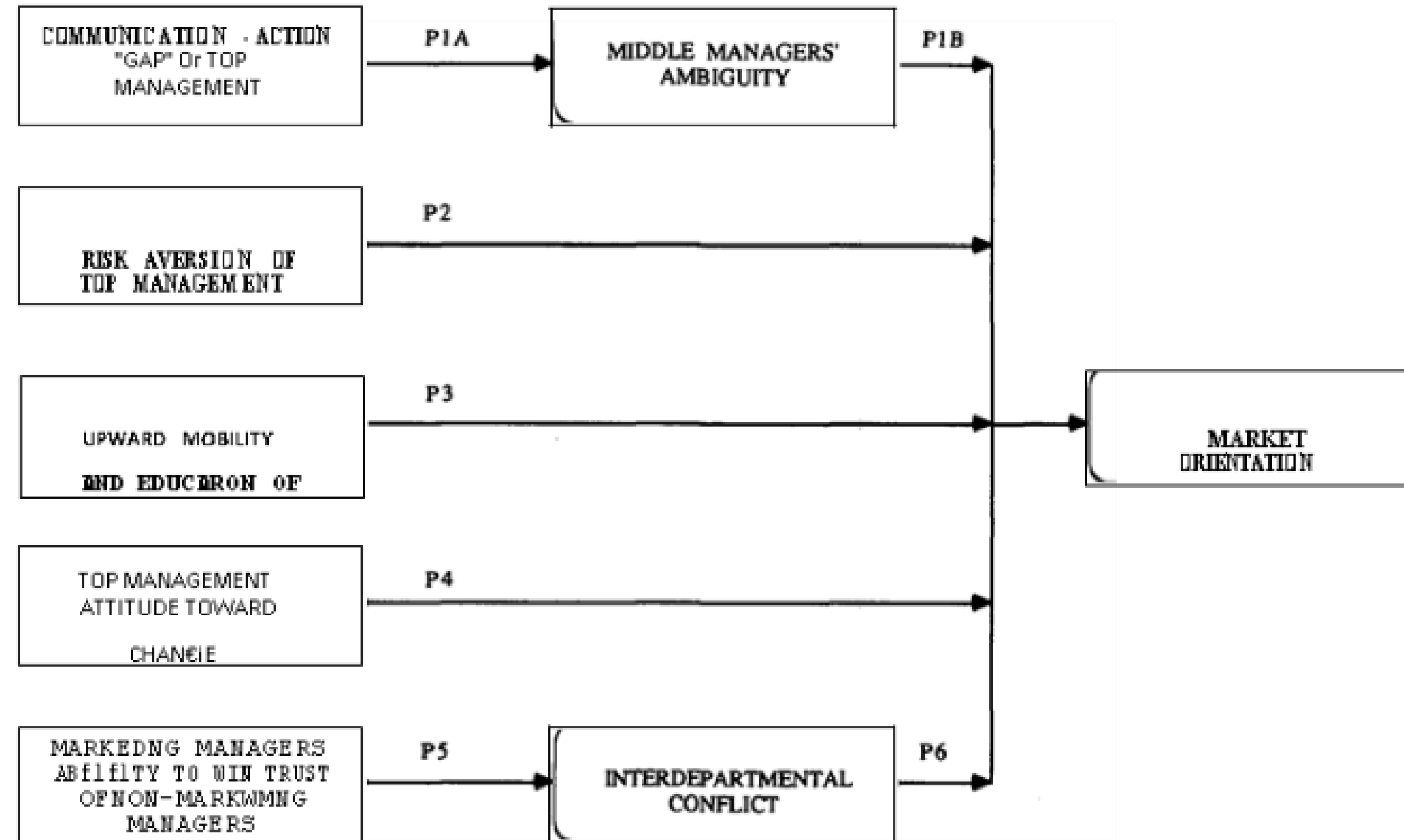
Four Factors



- P4: The more positive the senior managers' attitude toward change, the greater the market orientation of the organization.
- P5: The greater the ability of top marketing managers to win the confidence of senior nonmarketing managers, the lower the interdepartmental conflict.

Market Oriented

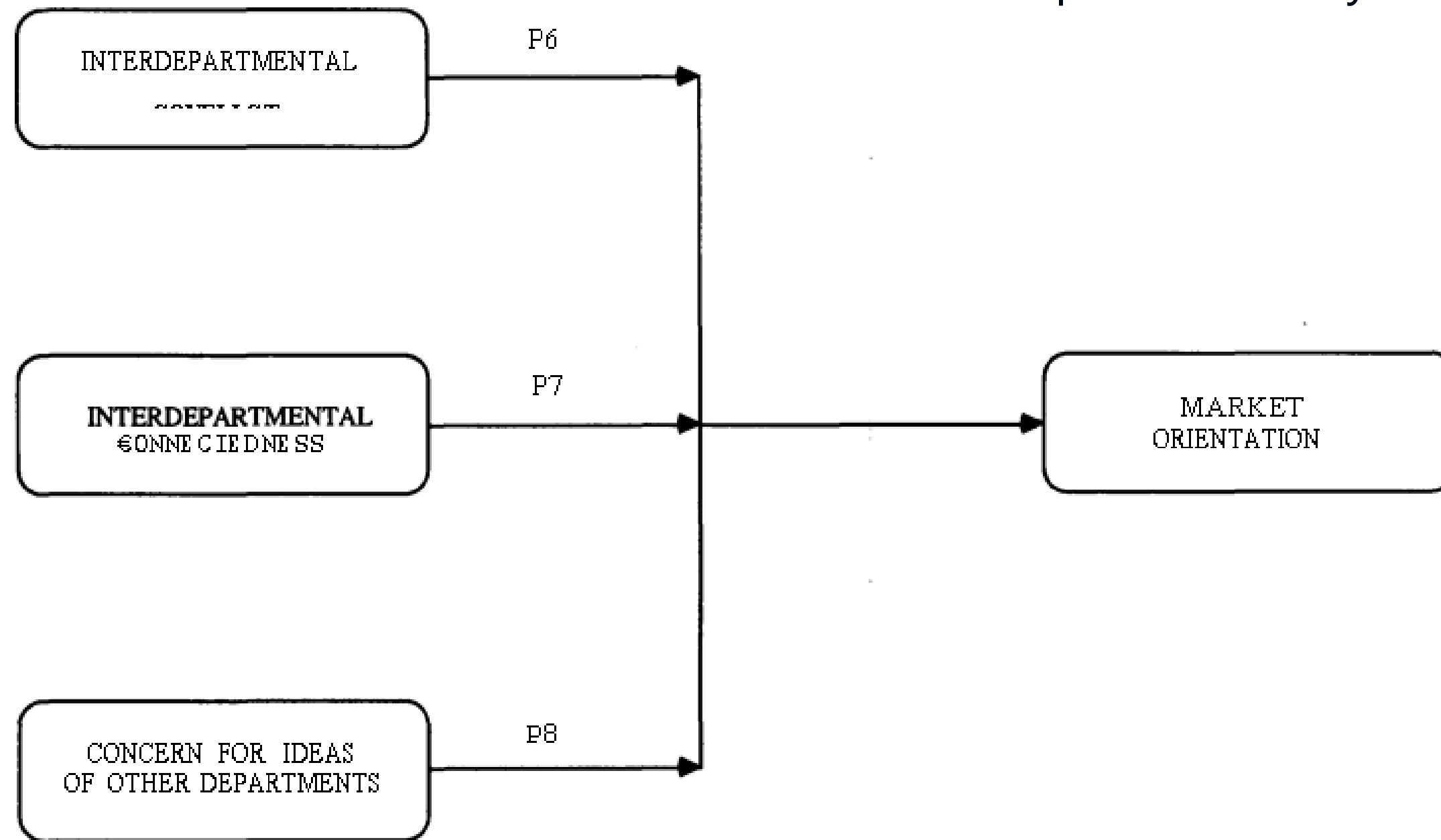
Four Factors



- P6: The lower the interdepartmental conflict, the greater the market orientation of the organization.

Market Oriented

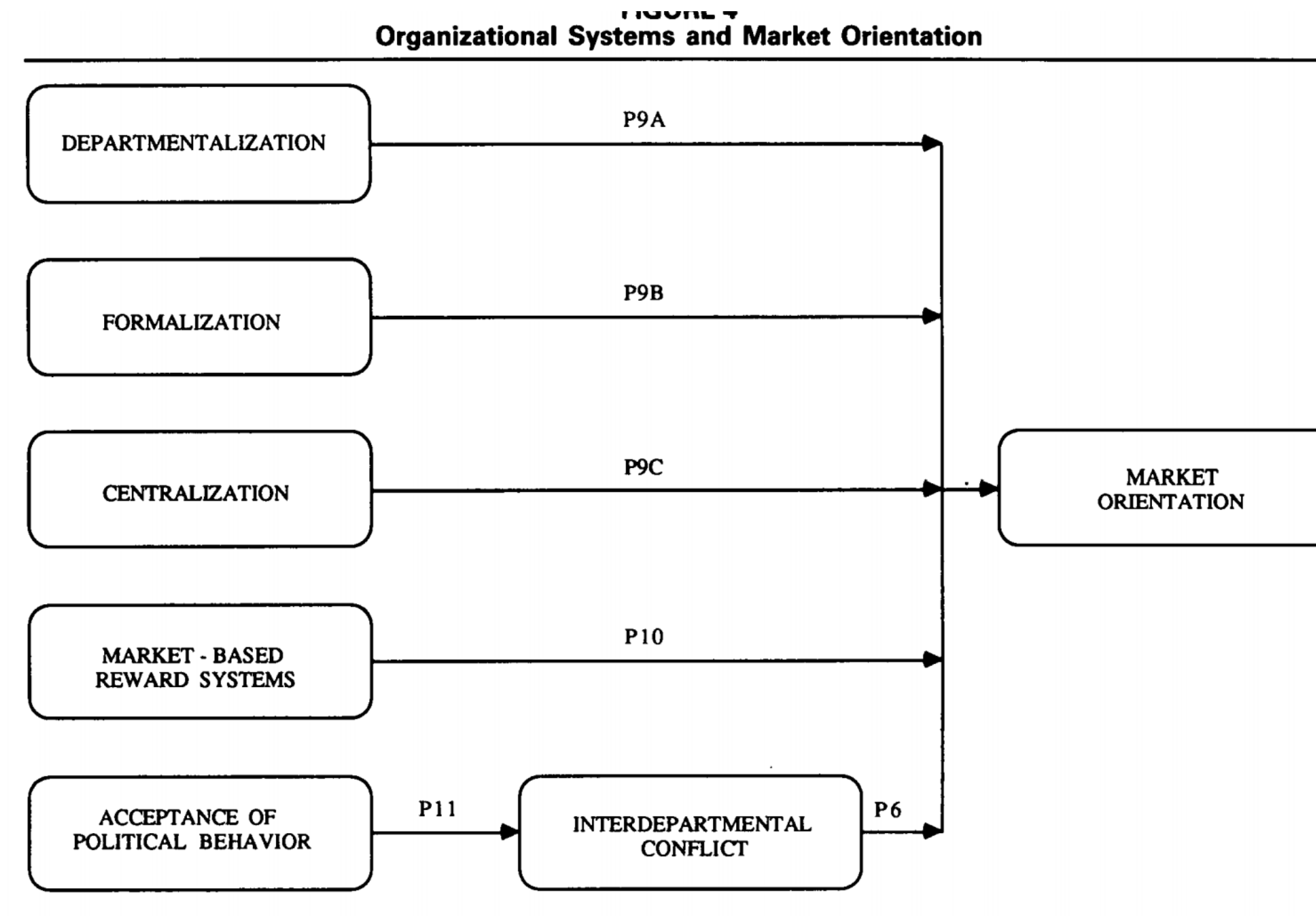
Interdepartmental Dynamics and Market Orientation



- P7: The greater the interdepartmental connectedness, the greater the market orientation of the organization.
- P8: The greater the concern for ideas of employees in other departments, the greater the market orientation of the organization.

Market Oriented

Organizational Systems and Market Orientation



- P9A: The greater the departmentalization, (1) the lower the intelligence generation, dissemination, and response design and (2) the greater the response implementation.
- P9B: The greater the formalization, (1) lower the intelligence generation, dissemination, and response design and (2) the greater the response implementation.
- P9C: The greater the centralization, (1) the lower the intelligence generation, dissemination, and response design and (2) the greater the response implementation.

Market Oriented

Organizational Systems and Market Orientation

- P10: The greater the reliance on market-based factors for evaluating and rewarding managers, the greater the market orientation of the organizer.
- P11: The greater the acceptance of political behavior in an organization, the greater the interdepartmental conflict.
- P12a: The greater the perceived expertise of the source generating market intelligence, the greater the responsiveness to it by the organization.
- P12b: The greater the perceived trustworthiness of the source generating market intelligence, the greater the responsiveness to it by the organization.
- P12c: The smaller the challenge to the status quo posed by market intelligence, the greater (1) its dissemination and (2) the responsiveness to it by the organization.
- P12d: The greater the political acceptability of market intelligence, the greater (1) its dissemination and (2) the responsiveness to it by the organization.

Market Oriented

Organizational Systems and Market Orientation

- P13: The greater the market orientation of an organization, the higher its business performance
- P14: The greater the market orientation, the greater the (1) esprit de corps, (2) job satisfaction, and (3) organizational commitment of employees.
- P15: The greater the technological turbulence, the weaker the relationship between a market orientation and business performance.
- P16: The greater the technological turbulence, the weaker the relationship between a market orientation and business performance.
- P17: The greater the competition, the stronger the relationship between a market orientation and business performance.

Market Oriented

Organizational Systems and Market Orientation

Environmental Moderators of the Market Orientation-Business Performance Linkage

- P18: The greater the competition, the stronger the relationship between a market orientation and business performance.
- P19: The weaker the general economy, the stronger the relationship between a market orientation and business performance.

What The Hell Is Market Oriented?

Market Oriented

Managerial Implications

Implementing a Market Orientation

- Senior Management has to be themselves **convinced**.
- Senior managers must develop **positive attitudes** toward change and a willingness to take calculated risks.
- **Supportive reaction** to failures is critical for engendering a change-oriented philosophy represented by the marketing concept.
- Some inexpensive ways to manage these two antecedents (conflict, connectedness) include (1) interdepartmental lunches, (2) sports leagues that require mixed-department teams, and (3) newsletters that “poke fun” at various interdepartmental relations.
- More advanced efforts include (1) exchange of employees across departments, (2) cross-department training programs, and (3) senior department managers spending a day with executives in other departments.
- The third set of variables that senior managers might alter to foster a market orientation pertains to organizationwide systems. The **impact of structural factors such as formalization and centralization is unclear** because, though they appear to inhibit the generation and dissemination of market intelligence, these very factors are likely to help an organization implement its response to market intelligence effectively. **Changing reward systems from being completely finance based (e.g., sales, profits) to being at least partly market based** (e.g., customer satisfaction, intelligence obtained).

Market Oriented

Managerial Implications

Pace & Dynamics Of Change

- In describing a change to a market focus, an executive director noted that there is always a “pull and tug between a new idea and old ways of doing things.”
- **A change in orientation takes place slowly.**
- Further, the **balance of power across departments** must be managed carefully in any effort to become more market oriented. Marketing department will have larger role.
- For any change to take place, an organization first must perceive a gap between its current and its preferred orientation. E.g. perception of its customer service rating vs actual rating by customers.

Market Oriented

Managerial Implications

The Quality Of Market Orientation

- In general organizations that develop market intelligence and respond to it are likely to perform better and have more satisfied customers and employees than ones that do not, simply engaging in market-oriented activities does not ensure the quality of those activities. The quality of market intelligence itself may be suspect or the quality of execution of marketing programs designed in response to the intelligence may be poor. In such instances, a market orientation may not produce the desired functional consequences.

What Is Market Oriented?

Information on all important buying influences permeates every corporate function

- In some industries, wholesalers, retailers, and other parts of the distribution channels have a profound influence on the choices customers make. **So, it's important to understand "the trade."** In other markets, nonbuying influences specify the product, although they neither purchase it nor use it. These include architects, consulting engineers, and doctors. In still other markets, one person may buy the product and another may use it; family situations are an obvious illustration.
- When the technologists, for example, **get unvarnished feedback** on the way customers use the product, they can better develop improvements on the product and the production processes. If, on the other hand, market research or marketing people predigest the information, technologists may miss opportunities.
- At least once a year, **the top functional officers should spend a full day** or more to consider what is happening with key buying influences.
- If company staff **appends summaries to regular customer surveys**, like the Greenwich commercial and investment banking reports or the numerous consumer package-goods industry sales analyses, top officers are more likely to study them. That approach lets top management get the sales and marketing departments' opinions as well as those of less biased observers.

What Is Market Oriented?

Information on all important buying influences permeates every corporate function

- All customers are important but some are more important than others. The most important function is to choose who are your most important customers.
- “Sales and marketers will pick out the customers they want to do business with, then research and operations will sit down with them for discussion” – This is a wrong and old approach. Once you have a certain group of customers, the product mix is pretty much set; you must make the types of products they want. If sales and marketing choose the customers, they have undue power over decisions.
- **Customer selection must involve all operating functions.**

What Is Market Oriented?

Strategic and tactical decisions are made interfunctionally and interdivisionally.

- The glimpse into the meeting at French Lick demonstrates that:
- The **customer-oriented company possesses mechanisms to get these differences out on the table** for candid discussion and to **make trade-offs** that reconcile the various points of view.
- To make **wise decisions, functions and units must recognize their differences.**
- An **alternative to integrated decision making, of course, is to kick the decision upstairs to the CEO** or the division general manager. But though the executives have unbiased views, they lack the knowledge of the specialists.

What Is Market Oriented?

Divisions and functions make well-coordinated decisions and execute them with a sense of commitment.

- An **open dialogue on strategic and tactical trade-offs is the best way to engender commitment to meet goals**. When the implementers also do the planning, the commitment will be strong and clear.
- Successful new products don't, for example, emerge out of a process in which marketing sends a set of specifications to R&D, which sends finished blueprints and designs to manufacturing.
- **But joint opportunity analysis, in which functional and divisional people share ideas and discuss alternative solutions and approaches, leverages the different strengths of each party**. Powerful internal connections make communication clear, coordination strong, and commitment high.

What Is Market Oriented?

Sample checklist of customer-focused questions for the organization to ask itself

EXHIBIT

Self-examination Checklist

1. Are we easy to do business with?

Easy to contact?

Fast to provide information?

Easy to order from?

Make reasonable promises?

2. Do we keep our promises?

On product performance?

Delivery?

Installation?

Training?

Service?

3. Do we meet the standards we set?

Specifics?

General tone?

Do we even know the standards?

4. Are we responsive?

Do we listen?

Do we follow up?

Do we ask “Why not,” not “Why”?

Do we treat customers as individual companies and individual people?

5. Do we work together?

Share blame?

Share information?

Make joint decisions?

Provide satisfaction?

What Is Market Oriented?

SKF Marketing Bearing Case

- Highlighted the need to become Market Oriented. We identified multiple segments IAM, VAM etc. We identified reaching out to them individually based on inputs from all.
- We focused on gathering marketing intelligence from various sources. A sample checklist like above might be required in the exam.
- Brought out the fact that this is easier said than done – a group discussion where finance people had objection to marketing plans and so on. We also focused on the P's from the above presentation.

Using Social Media In The B2B Context

Social Media in B2B Context

Rise of Social Media in B2B

- Sales people can use both internal and external social networks to find out who knows whom in the business community and identify key decision makers in prospect companies.
- LinkedIn Vs ZoomInfo
- One of the most promising uses of social media in B2B is to improve relationships with existing customers.
- Companies are already using social networks and blogs to provide customer service, enhance customer value, and get feedback on products and services.
- The ability to establish relationships with one's customer base is critical to building loyalty and increasing the relationship's "stickiness."
- Some companies are using social media to take customer service one step further by creating feedback loops, open dialogues through which marketers can learn how best to serve their customers, comments solicited from current customers through blogs and social networks.
- Increasingly, companies are using social media to share information with others in their industry or those with similar business issues.

Social Media in B2B Context

- These partnerships are not as prevalent among managers of larger firms, which are more focused on using social media to stay current on industry news and innovations or even to position themselves as a leader in their industry.
- As the usage of social media by B2B companies is still in its infancy, marketers are still testing the waters and discovering new applications.
- Companies are also using social media to assist in various stages of the sales cycle. In addition to generating sales leads, as IBM Mainframe and Cisco did, some B2B companies are creating internal social networks to assist in the sales process.

Social Media in B2B Context

Social Media Applied to B2B Marketing

- Although social media makes many marketers uneasy, experts believe that it is still worth investigating as part of a B2B marketing plan.
- One attractive aspect of social media is that many of the options—most social networking sites, blogs, and wikis—are free, and the cost of using or creating other types of social media are typically much lower than for traditional media.
- One of the interesting benefits of online marketing is that a company can either make its marketing efforts more targeted and customized, or broaden the reach to individuals outside of its usual target audience.
- After prospects have been identified, online social media can shorten the sales cycle.
- When marketers commit to uncensored, two-way communications via social media, they can achieve increased customer trust and loyalty.
- Another key benefit of open communication with customers is in receiving feedback that can help a company improve its products and services.

Social Media in B2B Context

Risks of Using Social Media

- **At the outset of the planning phase, marketers must first understand what their customers want and how to deliver it to them before deciding whether social media can play a role.** Marketers must assess for both prospective and current customers what type of information they seek, what level of engagement they expect, and which tools and features they need. A key element of this is in observing how and when customers and prospects currently use social media for their businesses.³⁴ Once marketers understand their audience, they can focus on the next step: determining the marketing objective.
- **The problems that might surface converge on the fact that a number of B2B firms go to market through third-party channels and might not have a direct linkage to or knowledge of the end-use customers.** To complicate matters, the third-party channel might not be willing to share customer data for fear of disintermediation.
- **The type of social media used depends upon both the customer needs and the marketing objective.** Regardless of how their customers use social media, marketers must also determine the marketing objective before deciding whether social media can help accomplish the company's goals.
- **B2B marketers can take a look at their sales funnel to decide which activities are in need of more marketing investment** (Figure 2). For companies launching a new product, generating awareness and providing product information are key priorities.

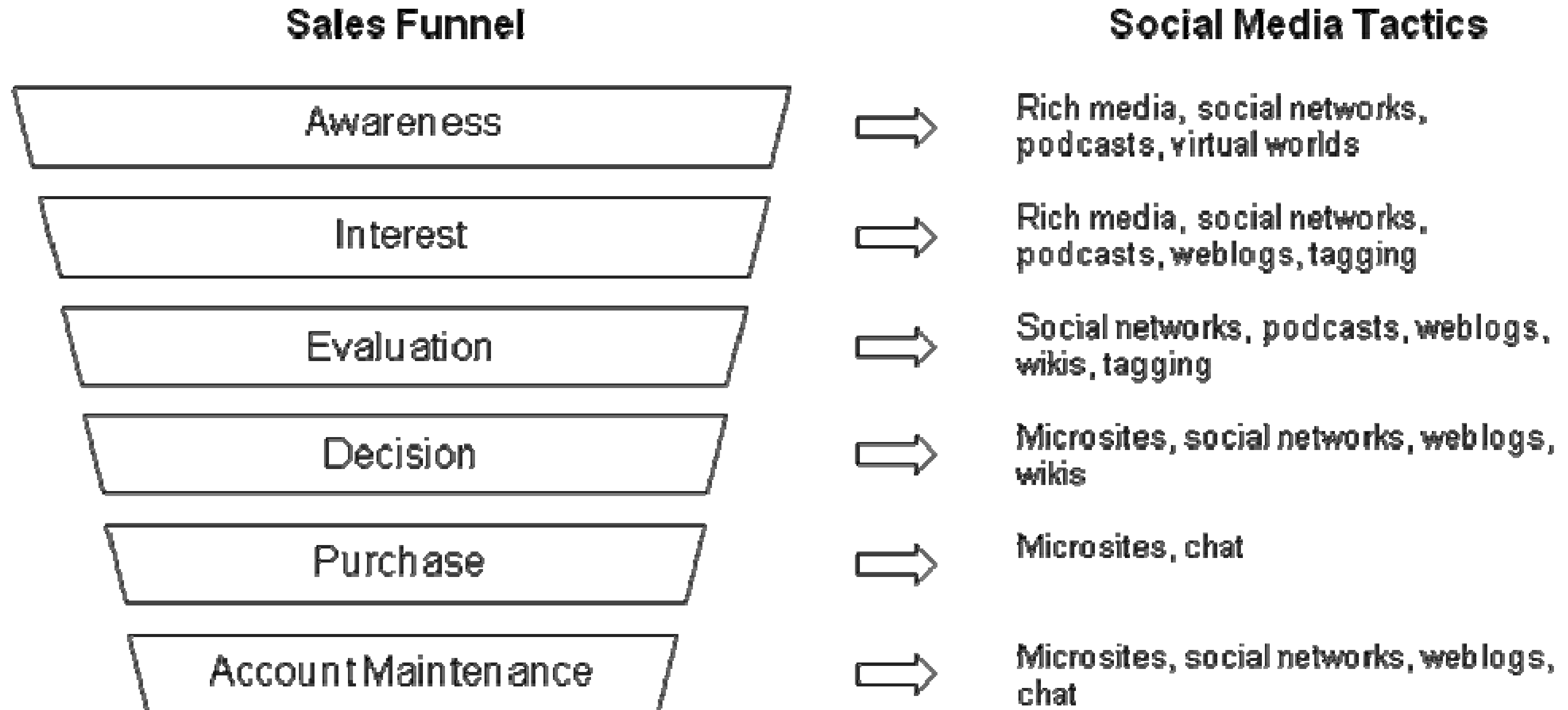
Social Media in B2B Context

Risks of Using Social Media

- Once the objective has been established, **marketers must decide which metrics will help them measure results**. B2B marketers need to understand how social media will change their relationship with customers and prospects and then select metrics to measure the change.
- The final step in the planning process is to **pick the technology** that will fit the marketing strategy.
- **Providing account maintenance is better suited for brand-based social networks or blogs**. These types of sites can serve as “one-stop shops” for customers looking for product information, customer service, or a place to give feedback.
- As with any communications strategy, effectiveness is a function of fit—whether the message and customers’ information requirements are aligned and provide the answers that enable the buyer (or potential buyer) to move further along the sales funnel towards purchase.

Social Media in B2B Context

Risks of Using Social Media



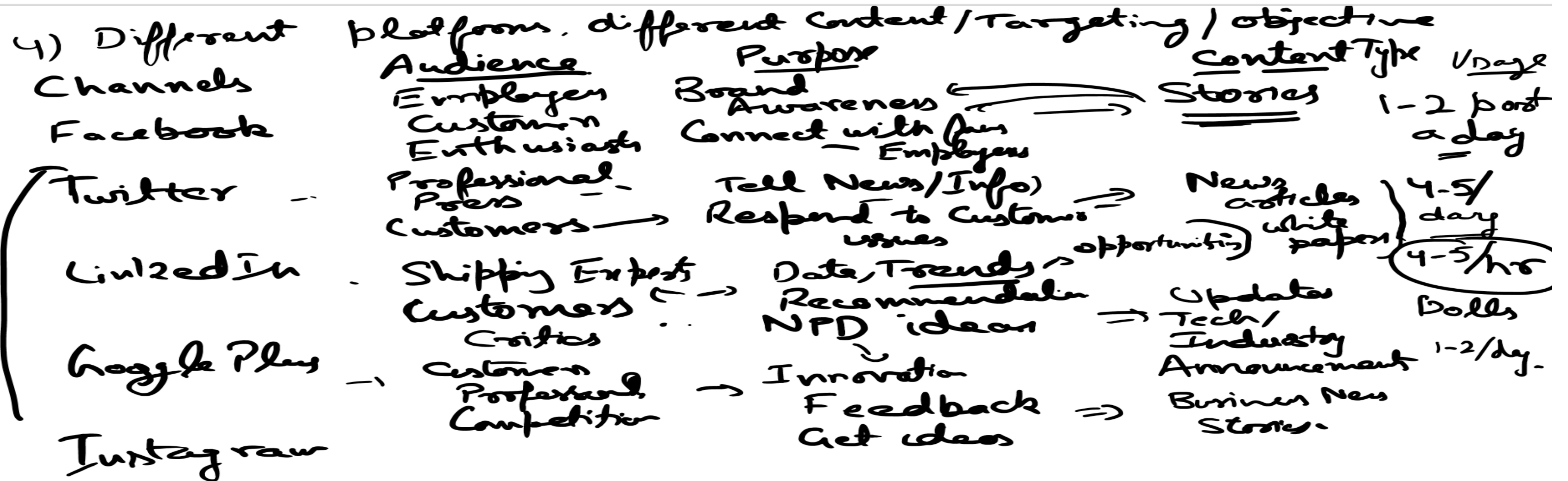
Social Media in B2B Context

Guidelines

- Allow two-way communication
- Maintain a conversational writing style.
- Keep direct advertising to a minimum.
- Provide valuable content.
- Refresh content regularly.
- Create a customized environment to cater to different users
- Invest in social media for the long-term

Social Media in B2B Context

Guidelines



Thank you