

The Dynamics of Change

The Top 3 Focus Areas for B2B Brands in 2020



International
a gyro: company

As the industry expands and evolves, B2B marketing has become more complex than ever before. B2B marketers are required to be specialists in brand strategy through to activation, responsible for driving value throughout the entire customer lifecycle. They are expected to automate more processes across an increasingly digital, omni-channel ecosystem, while engaging customers in a more personal and relevant way.

As technology disrupts the status quo, customer expectations increase and C-suites require marketers to demonstrate greater returns with more accountable data-driven ROI. Consequently, marketers are hungry for facts to inform decisions and justify actions.

Over the past 6 years, B2B International's marketing pulse has provided marketing leaders of the most influential B2B brands with critical insights on their peers. The most recent study of n=302 B2B marketing and insights professionals provides an exclusive view on the top three opportunities B2B brands must embrace to drive growth and outpace the competition:

1. Brand Resonance

Establishing a deeper brand meaning so that customers become emotionally invested as loyalists and brand ambassadors.

2. Marketing Efficiency

De-siloing and leveraging data to drive digital excellence, resulting in stronger customer lifecycle management.

3. Customer Centricity

Striving towards customer experience excellence to drive higher customer lifetime value and greater financial returns.

This paper presents the key insights on each of these themes, the impact on B2B brands, and the actions required to be successful.

Brand Resonance

Insights

At the heart of a successful brand is a strong USP – a unique selling proposition that summarizes the key point of differentiation. However, only 31% of B2B marketing and insights professionals believe their brand communicates a distinct purpose or strong USP. If the market can't identify what makes a brand different, how can the brand position itself for success and command a premium?

The challenge faced by B2B brands extends beyond brand positioning. We are living in an age of the empowered customer where B2B suppliers have experienced a shift from mostly brand-driven touchpoints (like direct marketing and account reps) to customer-driven touchpoints where the customer drives the interaction (such as through search and online reviews). This means B2B brands must engage customers in the right place at the right time with the right message.

42% of B2B marketing and insights professionals cited “directing marketing communications and messaging to real people in a more personalized and relevant way” and 41% rated “connecting with customers on an emotional level to drive higher brand engagement” as major challenges. This highlights the difficulties faced not only with the brand essence and positioning, but also around increasing the resonance of communications so that each message generates maximum impact with the intended audience.

“A brand is a shortcut for all the expectations I have for what you’re about to do for me. It’s a shortcut for trust, for promises, for conversations.”

Seth Godin, Author

Brand Resonance

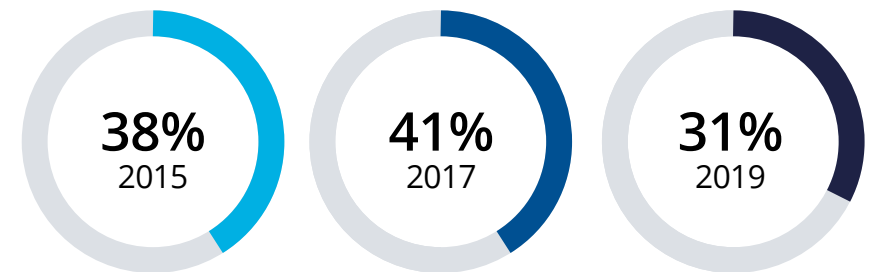
Impact

Our longitudinal survey shows that B2B marketing professionals have struggled identifying how to establish a differentiated position for their brands for many years. In fact, B2B brands are worse today than they were back in 2015, with the lowest performance since the study began. This suggests that it is becoming increasingly difficult for B2B brands to stand out from the crowd with a truly distinct and different position.

In spite of the challenge with differentiation, 50% of B2B brands are currently focusing on raising awareness, i.e. top of funnel brand building objectives, while 44% are seeking to build their brand position. The tactics for increasing share of voice might be perceived by marketers as easier than identifying the number one factor that differentiates their brand.

These implications are generating an increase in market research priorities. As of late 2019, 38% expect branding research to be very useful to their organization over the next two years, compared to 26% at the start of 2019. Those in North America in particular are placing an increasing focus on brand research, where 48% plan to prioritize researching their brand health over the coming years.

Percent Rating Their Brand with a Strong USP



% of B2B marketers & insights professionals rating their USP 8, 9 or 10 out of 10

Brand Resonance

Action

B2B brands must focus on establishing a stronger brand position to overtake the majority of their peers that lack a distinct USP. In commoditized markets in particular, this can go a long way in achieving a competitive advantage. Frameworks like the brand positioning bullseye are useful for identifying the defining characteristics of the brand:

- **Customer perceptions:** How customers describe the brand
- **Customer feelings:** How the brand makes customers feel
- **Brand personality:** The brand's key personality traits
- **Substantiators:** Proof points or reasons to believe in the brand
- **Core proposition:** The summary statement on the brand
- **Brand position:** The ultimate brand essence

Meet The HR Innovator



Who Am I
I am a female HR professional. I have responsibility for compensation benefits, organizational development, and other HR programs within the organization globally. I enjoy bringing new ideas from different countries to our healthcare plans in the US.

Where I Work
4,000 to 200,000 employees
International operations
Tech industry, positive employee base, forward thinking culture

What Healthcare Means To Me
"I'm responsible for the team that implements and designs all of the benefit programs around the globe. We're rolling out wellness programs to educate employees and try to get them to take more responsibility for their health because it's something that I see all these high claims and employees not taking advantage of our wellness benefits."

My Approach To Healthcare

- I am open to exploring a variety of programs to improve employee engagement and/or create innovative access channels
- I continually look for innovative new models – but am practical about implementation
- I prefer to work with a range of best-in-class point vendors

My Decision Making Process
I am the final decision maker on what we're presenting to our leadership team and I coordinate all of the analysis – it's a lot of work. I will present my recommendations and the costs to our CEO and CFO. Once we're all aligned we do a quick overview with the benefits committee.

Sample Persona Profile

Profiling the key personas served by the brand is an important foundation for brand messaging and targeting. Business to business has become person to person in that the target audience comprises individuals with emotions that influence their decisions and behaviors. The more successful B2B brands use personas to train marketing, sales, account management and product development teams to be more empathetic to individual needs, feelings, and pain points across all touchpoints with their brands.

Brand Positioning Bullseye

How the brand makes customers feel

(Brand values, relationship positioning statements)

How the customer talks about the brand

(Brand associations, brand positioning statements)



How the brand comes across to customers

(Brand personality traits)

Marketing Efficiency

Insights

Forrester predicts B2C and B2B spend on US marketing technology to grow at 5x the rate of spending on creativity². Yet two decades into the era of digital marketing and automation, B2B brands are overwhelmed by digital transformation. They have invested in technology but struggle with accessing and integrating data silos, as well as interpreting and acting on the powerful insights that lie behind big data.

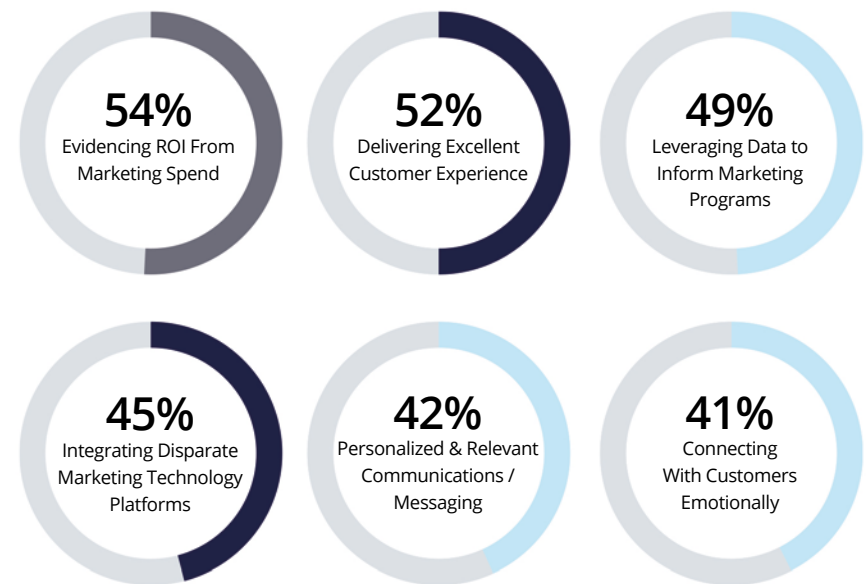
Following challenges around evidencing ROI and delivering an excellent customer experience, “leveraging data to inform more efficient and optimized marketing programs” and “integrating disparate marketing technology platforms” were cited as the third- and fourth-biggest business challenges to B2B brands, ranked in the top five by 49% and 45% of marketing and insights professionals, respectively.

“There’s still a disconnect between brands listening through technology and knowing what to do with the information they’re hearing.”

Didier Bonnet, Capgemini Consulting

Top Business Challenges Currently Faced by B2B Marketers & Insights Professionals

The biggest challenges (selected by over 4 in 10 in their top 5)



Complexity-related challenge

Customer centricity-related challenge

² Pattisal, J. (2019). The Cost Of Losing Creativity, by Forrester

Marketing Efficiency

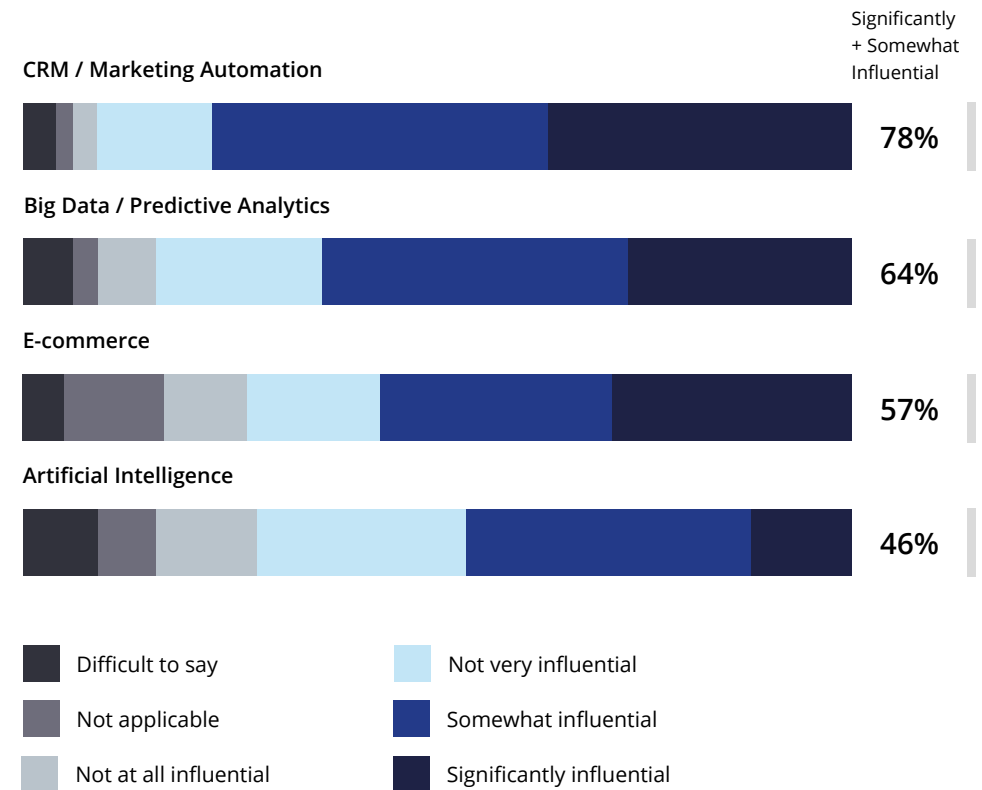
Impact

The martech difficulties faced by B2B marketers means that they are missing opportunities to distil actionable insights out of large, continuous streams of big data, and not leveraging this data to drive a more cohesive and holistic activation plan.

Not surprisingly, only 23% of B2B brands believe they do well in “maintaining an up-to-date customer database”, and only 21% rate their organizations as having strong performance on “targeting accurately and consistently across various platforms”.

Yet B2B marketers anticipate embracing technology further as between 3 and 4 in 10 expect CRM, big data and e-commerce to be significantly influential on their organization’s marketing and insights strategies and practices over the coming years. Over half of all B2B brands surveyed expect these trends to have at least somewhat of an impact on their marketing disciplines.

Influence of Technology on Marketing and Insights Strategies Over the Next 3 Years



Marketing Efficiency

Action

The first step in the pursuit of digital excellence is to audit the marketing tools and systems used to drive an optimal marketing technology stack. This involves identifying the current and potential value from the suite of platforms in place, spanning the customer database, website, SEO, social media, data and analytics, etc. By removing inefficiencies, the redundancies from unfruitful tech investments can free up budget to reinvest back into the brand and customer experience. This could comprise more investment into creative to address the brand differentiation dilemma, or/and allocating budget into adjacent technologies to drive a more differentiated customer experience.

In addition to ensuring optimal investment in marketing technology, many B2B brands need to remove organizational silos to drive further efficiencies and become more agile. This requires the various marketing tools and platforms used across different business units to be integrated to communicate with each other. The 45% of B2B brands challenged by disparate marketing technology platforms should consider a customer data platform (CDP), if they are not already in the process of implementing one.

CDPs synchronize multi-channel customer data from many sources – sales, product usage, website, email, call center, etc. – into a centralized repository. The more digitally savvy brands use this platform to better plan, conduct and analyze marketing campaigns with greater efficiency and a much stronger impact on the customer. For example, intelligent automation of the customer database can enable personalization of content delivered to each customer based on their behaviors, resulting in a customer experience that is more relevant and engaging, and a more seamless execution for the supplier.

The more successful B2B brands are those that have also established a Digital Center of Excellence (DCoE) within their organization to guide digital transformation efforts, establish best practices, and ensure optimal performance and revenue. The DCoE should comprise specialists across the various marketing technology stack disciplines, as well as other customer-oriented roles like customer insights. This results in a blended use of first party, second party, and third party data driving more effective decisions and outcomes.

Customer Centricity

Insights

According to McKinsey, improving a customer experience from average to exceptional (where the customer is ‘wowed’ in some way) can lead to a 30 to 50 percent increase in KPIs such as likelihood to renew or to purchase another product.

However, among the top challenges faced by B2B brands is ‘delivering excellent customer experiences throughout the entire customer lifecycle’, cited by more than half (52%) of B2B marketers and insights professionals responding to the survey. This indicates that in practice, improving the customer experience is a lot more difficult than it seems.

The six pillars of customer experience excellence are B2B International’s framework for assisting B2B brands in measuring and benchmarking their performance on the critical success criteria for achieving a best in class customer experience. The chart opposite illustrates the performance of B2B brands surveyed, showing the proportions rating themselves strong on each attribute from both the 2015 and latest (Q4 2019) waves of the study. Not only has the share of strong performers remained remarkably flat on each customer experience pillar over this four-year period, but self-reported performance on two of the pillars actually declined significantly on the critical competencies of ‘responsiveness’ (from 40% in 2015 to 34% in 2019) and ‘evolution’ (from 39% in 2015 to 33% in 2019).

B2B brands perform the best on ‘commitment’ (being enthusiastic; making customers feel valued), although only around half rate their performance as strong on this attribute. The weakest performance is on ‘proactivity’ (anticipating customer needs; striving to resolve issues proactively) and ‘seamlessness’ (making life easier for the customer), on which only a quarter of B2B brands believe they do well.

Percent of Companies Citing Strong Performance on The Six Pillars of Customer Experience Excellence

Commitment

Being enthusiastic, making customers feel valued



Fulfilment

Understanding and delivering on customer needs



Seamlessness

Making life easier for the customer



Responsiveness

Timely response, delivery and resolution



Proactivity

Anticipating customer needs; striving to resolve issues proactively



Evolution

Continually seeking to improve the CX



2015 2019

Significant decline at 95% confidence level

All results combined, only 15% of B2B brands are true customer experience leaders, defined as being strong on 5 or 6 of the customer experience excellence pillars. The laggards are those lacking strong performance on any of the six pillars. Comprising 30% of the sample, there are twice as many laggards versus leaders. The balance – over half of B2B brands – falls between these two extremes in the average bucket.

Breakdown of B2B Brands on CX Performance



Leaders - Strong on 5 or 6 pillars

Average

Laggards - Not strong on any of the pillars

Customer Centricity

Impact

Establishing a stronger customer experience is not surprisingly more challenging for the laggards because they don't have the necessary commitment to customer centricity across their organization:

- 68% of laggards struggle delivering excellent customer experiences throughout the entire customer lifecycle.
- 54% of laggards struggle in driving consistency across various platforms, agencies and tools.
- 49% of laggards struggle connecting with customers on an emotional level to drive higher brand engagement.

Overall, the major challenge B2B marketers face in providing an exceptional customer experience is impacting their current and future strategies. 55% claim that "customer experience & loyalty" is the current marketing strategy their organization is focusing on, and the same proportion (55%) cite "customer experience research" as the research approach they expect to be most useful to their organization over the next two years. This signals a significant increase in interest surrounding customer experience research over the past year when compared to the 45% who indicated this in the prior wave of the survey, fielded in Q1 of 2019.

Elevating the customer experience is clearly a key imperative on the minds of B2B marketers and insights teams. And understandably so, given the performance metrics that lay bare a stark lack of progress made by B2B brands in embedding customer experience best practices into the fabric of their companies.

"Get closer than ever to your customers. So close that you tell them what they need well before they realize it themselves."

Steve Jobs, Apple

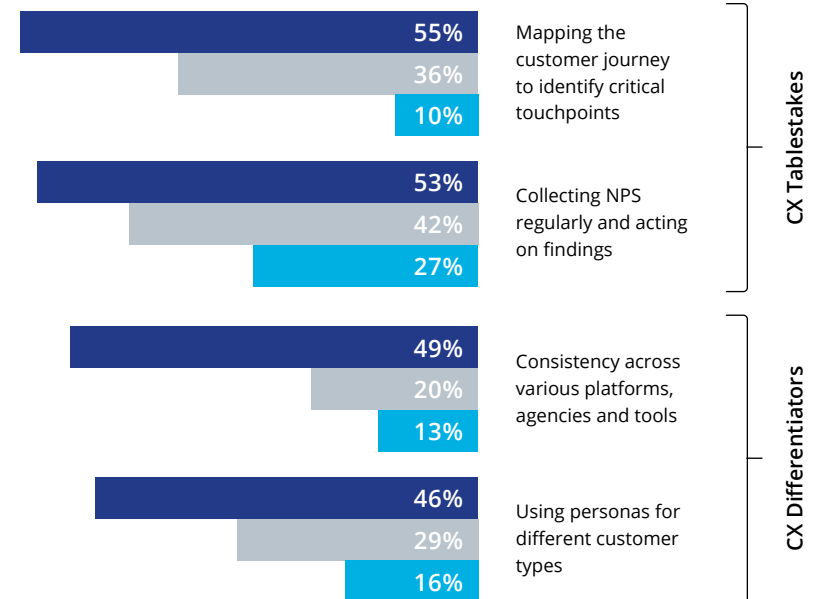
Customer Centricity

Action

In this age of the experience economy, customers expect more than ever before. It is not enough for B2B brands to deliver a strong customer experience; rather it needs to be exceptional to keep customers loyal and the competition out.

The survey results shed light on what distinguishes the leading B2B brands on customer experience, indicating what B2B marketers and insights professionals need to do to help their brands get ahead. While the stronger brands naturally perform well on the more common practices of mapping customer journeys and collecting NPS regularly, these processes contribute towards a more average performance. The brands that qualify as “CX Leaders”, i.e., who report strong performance on at least five of the six best-practice pillars, typically exhibit “consistency across various platforms, agencies and tools” and they “use buyer / user personas to better target and communicate to different individual customer types”. This highlights the importance of an integrated and seamless marketing discipline in laying the foundation for customer experience excellence. And it reinforces the need for B2B brands to have a deep understanding of their customers at the individual level to better reach and impact their target audience.

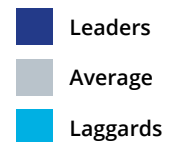
Identifying the Distinguishing Characteristics of Customer Experience Leaders



In addition to focusing on the customer experience differentiators, there is substantial potential for B2B brands to outperform their peers across all six pillars of customer experience excellence where at least half of B2B brands are currently underperforming. The biggest opportunities to overtake the competition are arguably the more difficult to address given the weakest performance overall:

- Being more proactive by anticipating customer needs and striving to resolve issues before they cause customers pain;
- Driving a more seamless customer experience by eliminating friction and reducing effort for the customer.

% of companies that are strong at the following practices among:



Conclusions

Focusing on the three key growth imperatives around brand resonance, marketing efficiency, and customer centricity will empower B2B brands to achieve a competitive advantage with strong financial returns.

In summary, the key actions on how to win are as follows:

Brand Resonance:

1. Identify what lies at the core of the brand's essence and ensure this is central to all messaging. This USP must ultimately drive value for the customer.
2. Obtain a deep understanding of the emotions felt by customers to connect with individuals on a more emotional level through more distinct and impactful brand positioning and messaging.
3. Create informative and engaging profiles of key personas served. Use these to train marketing, sales, account management and product development teams to be more empathetic to customer needs, feelings, and pain points, and to drive an internally aligned view of different customer groups.
4. Ensure communications target and speak to individuals in a more personalized and relevant way, through a detailed understanding of customers from first, second and third party data.

Marketing Efficiency:

1. Audit the marketing tools and platforms used to identify redundancies in the technology stack and free up budget.
2. Remove organizational silos to drive further efficiencies and agility. Do this by integrating tools and platforms to consolidate data from multiple sources, ultimately simplifying campaign planning, execution and analysis.
3. Establish a Digital Center of Excellence comprising specialists across various disciplines such as website, email, SEO, call center, insights, etc. Ensure this team drives integration of all customer lifecycle management processes, and establishes best practices based on performance outcomes.

Customer Centricity:

1. Map the customer journey for key audiences served, to identify where there is potential to enhance the customer experience.
2. Revisit the KPIs used to assess performance (NPS might not be the only, or optimal, metric), and ensure an action plan is in place to always address the results.
3. Embed the 6 pillars of CX excellence into customer experience measurement programs.
4. Seek ways to drive a more seamless customer experience, especially where the customer feels the most pain in the customer journey.
5. Identify how to be more proactive, e.g. through a voice of the customer tracker to monitor changing needs, and to establish mechanisms to prevent issues before they arise.

About the survey

B2B International's B2B Marketing & Insight Study is a global study based on online surveys completed by 302 B2B marketing and insights professionals in businesses carried out in Q4 of 2019. The participants work across a wide variety of sectors including knowledge based, process and construction, IT and technology, trade and services, among others. The average annual revenue of organizations responding to this survey is approximately (USD)\$1 billion.

About B2B International

B2B International is the world's leading specialist business-to-business market research agency in the Dentsu Aegis Network. With offices across North America, Europe and Asia, the company specializes in customized market research solutions for global brands. It counts 800 of the world's 1,500 biggest companies among its clients.

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