Chief Marketing & Sales Officer Forum

The B2B customer decision journey: for the best route to increasing sales

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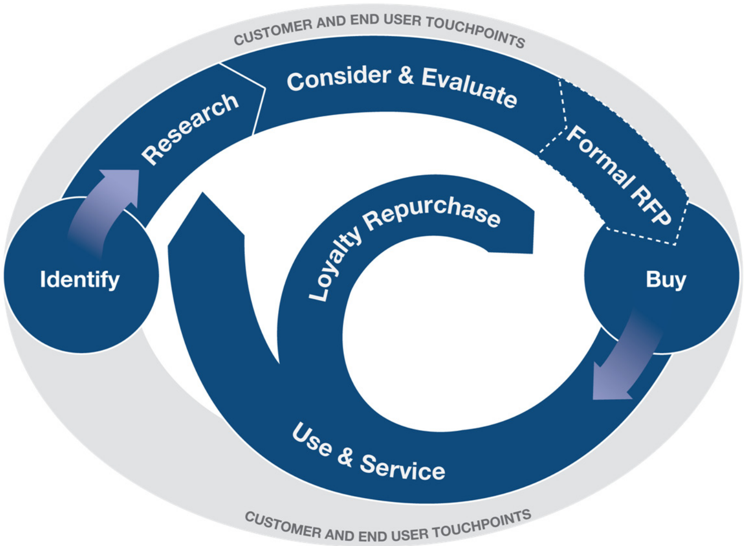
While B2B organizations have embraced the idea of customer-centricity, many have yet to adapt to the reality of customer behavior. That's resulted in millions of marketing dollars being misspent and potential sales lost at a time when companies can ill afford it. In fact, our work with more than 30 marquee B2B organizations around the world shows that half or more of all marketing spend is misaligned, going to areas that do little to influence the purchasing decisions of top customers, and providing little help to the salespeople calling on them.

To right that train, B2B organizations need to develop a much deeper understanding of the modern Customer Decision Journey (CDJ). Where the old sales funnel assumed a linear purchasing path—customers take in information; narrow down their choices; kick the tires, and submit the purchase order—the CDJ moves away from the "funnel" way of doing things. It recognizes that the decision process, in fact, is anything but linear, and the post-purchase period is often as, or more, important than other steps along the way.

Exhibit: The B2B Customer Decision Journey



For B2B CMOs and heads of sales, adopting the CDJ has helped shift as much as 40 percent of marketing spend to activities that generate higher ROI. We've seen companies boost sales by an average of 5-10 percent and customer retention by an average of 30 percent. One company that piloted the approach found that CDJ-influenced efforts yielded 8-10 percent higher revenue per bid than traditional efforts.

B2B organizations need to use the CDJ in three ways to increase sales:

Find out what matters to your decision makers

It's not enough to identify the decision makers in an organization. For marketing and sales activities to be effective, companies need to focus on those points in the decision journey where they can be most successful in influencing those decision makers. For some that might be procurement or finance. For others, it might be the CMO or even the end user. And for others still, they might be a specific set of segments.

Understanding who those influencers are and what matters most to them in making their purchasing decisions gives marketing and sales leaders the insight needed to gauge where their efforts are likely to have the greatest impact. When organizations we've studied take the time to learn from their customers what parts of the buying process are most important to them, these organizations are often surprised by the results. One chief marketing officer, for instance, learned from customer interviews that 70 percent of the marketing budget and 40 percent of the sales efforts were not spent in places that actually influenced the customer's purchase decision. Marketing and sales were either over-investing in some areas or under-investing in others, with the result that they were leaving money on the table and missing out on deals they might otherwise have won.

Mapping the decision journeys of your target segments requires actively soliciting input from multiple sources, but the approach depends on the landscape. If the B2B company is in a sector that may have a handful of big customers, like mining, shipping or the public sector, there's no substitute for actually getting out there and meeting with the end customers to understand how they really make decisions (as opposed to how they *say* they make decisions). Large companies with thousands of customers might launch quantitative market research surveys to understand their customer segments. These findings are then paired with knowledge gleaned from sales, logistics, product marketing and other parts of the organization, to develop a hypothesis on how different variables—such as price, delivery times, or feature sets—affect purchase decisions. Those models can help identify valuable customer segments and develop actions that target them specifically.

One high-tech OEM, for instance, counted both large corporate buyers and small operators among its customer base. Both looked for different things. Corporate buyers, usually led by finance chiefs, viewed the products as a way to improve cost and operational efficiency, so paid special attention to the request for proposal (RFP) process. Small operators, by contrast, were often owned and managed by individuals with technology backgrounds. These small operators followed the latest developments with interest and were active researchers. Knowing who was holding the strings within those segments clarified what stages of the CDJ to zero in on. To cater to its small operators, for example, sales teams spent a great deal of time up front in the research stage, inviting business owners to beta-test new versions, and hosting events that previewed the latest products. To appeal to corporate finance leaders, by contrast, the manufacturer revamped its RFP process, expanded the number of financing options, highlighted cost efficiency, and created pricing calculators and other aids that made it easier for buyers to determine which product was right for them.

Channel resources and spend where and when it matters

Understanding what drives customer decisions means that marketers can make smarter, more informed decisions about where to allocate resources. For instance, prior to using CDJ methods, the sales and marketing team at a large materials company did what it does best, nurtured longstanding key accounts and kept tabs on new opportunities within two of its biggest verticals, the government sector and commercial real estate developers. This sales-forward approach focused on generating and qualifying the lead, making the pitch and closing the deal; still, revenue growth remained lackluster.

In response, their commercial leaders analyzed their customer base, interviewed key players, and came away with a better idea of where to focus its resources along the CDJ. If it was going to win the public sector, for instance, the company realized it had to broaden its appeal and court relationships—not just with public works officials, but to local distributors as well, since interviews had shown most facilities managers turned to them for recommendations and advice during the research stage of the CDJ. This insight told sellers not only where and when to redouble their relationship-building efforts, it also told marketing where to pull back, such as in trade-show spend, which research showed had little influence on the buying outcome. They used those funds instead to develop on-site distributor demos that proved very effective for increasing conversion from the research to the consideration stage. Likewise, to help property developers court premium tenants willing to pay higher rents, the company saw an opportunity to improve performance at the beginning of the CDJ by pitching upmarket offerings, such as “green,” energy-saving materials that might appeal in terms of both style and cost efficiency.

In another example, an energy company identified three different groups of buyers they wanted to pursue: 1) those that wanted ease and convenience and a high-touch customer experience, 2) those that were highly energy-conscious and wanted an active role in managing their resource use, and 3) those who just wanted the lowest cost they could find.

For the high-touch crowd, for instance, marketers saw that a simple, streamlined purchasing experience, coupled with hands-on advice from sales and strong customer service, would have much greater influence than other stages in the decision journey. So, they created an automated account-setup tool that made it easy for reps to get customers up and running, and armed sales with a range of information that helped them act as expert advisors.

For the energy-conscious set, marketing pulled together a bundle of specialized services that included such things as real-time monitoring, peer benchmarking, and customized reporting—extras that helped sales differentiate their offering in the field.

As for the no-frills group, the organization knew the challenge would be to get their company through the consideration stage and make the purchase as “no strings” as possible. To do that, marketing created online rate comparison tools, and equipped sales with custom pricing guidelines. They also shortened average contract lengths to win over buyers wary of long-term commitments. That gave sales greater flexibility in the field, and made it easier for the company to stand out as a low-cost partner. Although it's early days yet in terms of tallying the sales lift, these moves have already begun to differentiate the energy company among its peers, especially in a sector not known for bold marketing innovation.

Foster partnership between marketing and sales

We've seen adoption of the CDJ also address a nagging issue in many B2B organizations: poor communication and coordination between marketing and sales. By developing a common understanding of the CDJ and those battlegrounds where they needed to compete for customers, marketing and sales can communicate more clearly and focus more effectively on activities that win customers.

Some B2B marketing organizations, for instance, are using technical solutions that link customer insights directly into sales activities. At one company, marketers developed an iPad application that allows salespeople to enter their book of business and receive detailed profiles that flag key customer bottlenecks in the CDJ (i.e., such as overly technical product descriptions that make it hard to compare features), and provide tips on what sales can do to break through them. At another company, CDJ analysis revealed that digital communications, such as email, were far more effective when preceded by a personal telephone call or direct mail. This insight from marketing helped sellers make a small change in approach that delivered better conversion rates.

Such partnership can also allow organizations to take preemptive action to lock the sale in earlier in the process, and forestall customers from shopping around. For example, one global industrial company saw that aggressive competitor discounting was beginning to cut into sales. Marketing examined its customer metrics and learned that their high-value segments put a premium on ease of ordering and fulfillment speed. That insight made them wonder if there was a clever way to beat back their competitor without engaging in a price war. They shared that information with sales, and together brainstormed a way to simplify the ordering process to a click of a button. In addition, sales began sending reminder notices two weeks before a part was due to expire, and marketing helped install self-service counters at their best customers, with purchasing cards that allowed employees to help themselves to parts as needed, charging them as they went.

Without understanding your customer's decision journey, it doesn't matter how "customer-centric" you are. Building your organization and programs around the CDJ model means more effective marketing and more successful sales.