



WHAT THE BEST COMPANIES DO

SALES, MARKETING, AND COMMUNICATIONS PRACTICE
MARKETING LEADERSHIP COUNCIL®

An excerpt from

Differentiating the Purchase Experience

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KEY TAKEAWAYS

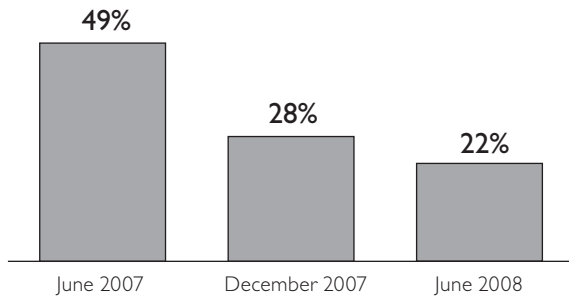
- ∞ In response to a challenging economic environment, Sales and Marketing have aligned around a single strategy—overweighting an organization’s focus on customer loyalty—because it is the fastest, most profitable path to growth.
- ∞ In the short-term, the customer’s purchase experience is the highest-impact driver—higher than brand effects, product and service delivery, even price—for increasing loyalty.
- ∞ The most effective method of differentiating the purchase experience from the competition is to deliver teaching interactions—exchanges (both virtual and in person) that serve to reframe the way a customer assigns value to areas where the supplier outperforms its competitors.
- ∞ Accordingly, leading marketers focus the organization on creating effective teaching interactions by addressing three key questions:
 1. What should I teach my customers?
 2. How do I enable sales reps to teach?
 3. How do I increase customer demand for teaching?

Source: Marketing Leadership Council research.

A BIRD IN HAND

A challenging economic environment...

Executive Economic Outlook
Percentage Expecting Improvement¹



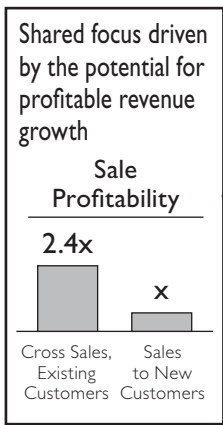
Recent News on World Economy



TOP AND BOTTOM LINE

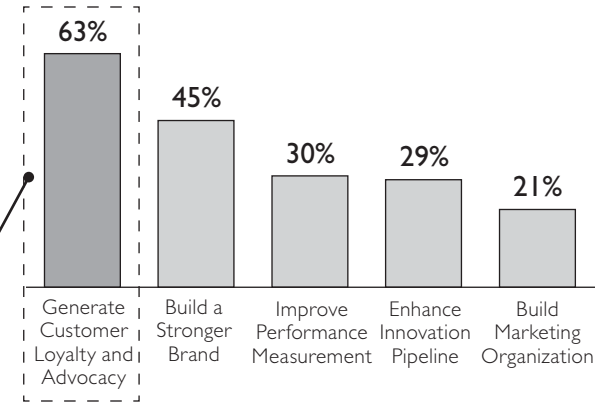
“Given the dismal state of my industry and most of my customer’s industries, we are doubling down on cross-sell and retention of existing customers because winning there provides top and bottom line relief simultaneously and if we do it right, that lift can come in a hurry.”

CMO
Industrial Manufacturer



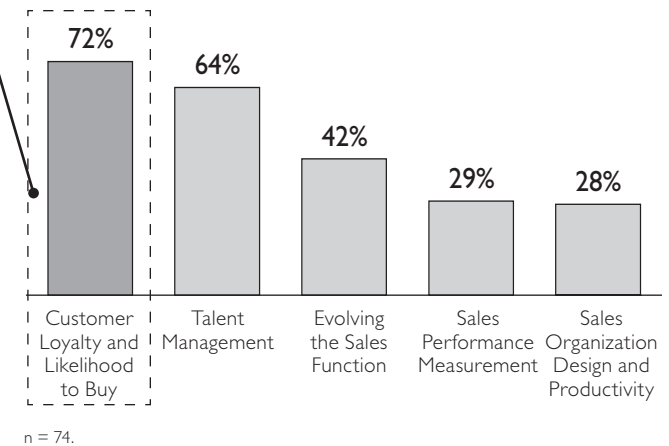
...aligns Sales and Marketing focus on driving growth through existing customer relationships

Heads of Marketing MBOs²
Percentage of Respondents from Council Poll, 2007



Heads of Sales Top Priorities

Percentage of Respondents from Council Poll, 2008



¹ Percentage expecting economic conditions to get better in the next six months.

² Management by objectives.

Source: “Economic and Hiring Outlook,” A McKinsey Global Survey, June 2008; *The New York Times*, 25 September 2008; *The Wall Street Journal*, 18 September 2008; *The Guardian*, 18 September 2008; Sales Executive Council research; Marketing Leadership Council research.

ON COMMON GROUND

**Though Marketers Generally Agree on the Importance of Customer Loyalty—
Confusion Remains as to Exactly What It Is and How to Attain It**

Customer Loyalty

An **attitude** that leads a customer to repurchase, increase spend, and **advocate** on a supplier's behalf across their organization.

①

Attitude Trumps Behavior

Looking at behaviors alone can be misleading as they may indicate "captivity" rather than loyalty; B2B loyalty is about changing the attitudes that lead to desired behaviors.

②

Willingness to Advocate

Buying decisions are often consensus-driven, requiring input and approval from multiple stakeholders; B2B loyalty is about having individuals who recommend and defend you during the buying process.

③

SATISFACTION ≠ LOYALTY

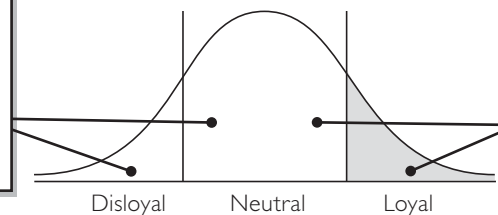
Building satisfaction means customers are less likely to reject you—but building loyalty means customers will prefer you.

Comparison of Satisfaction and Loyalty Focus

Illustrative

A Satisfaction Focus:

- Eliminate dissatisfiers from the customer experience
- Decrease likelihood of customer rejection



A Loyalty Focus:

- Create differentiated experiences
- Increase likelihood of customer preference

Source: Marketing Leadership Council research.

TWO SIDES OF THE SAME COIN

Council Analysis Uncovers the Most Effective Sales and Marketing Practices for Driving Customer Loyalty from Two Distinct Perspectives



MLC ANALYSIS, 2007

Analysis of Marketing Practices

Loyalty Programs

Selling Strategies

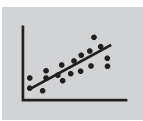
Performance Incentives

Account Management Activities

Problem Resolution Activities

Research Methods

Multivariate
Regression



Customer
Loyalty

Participants

Analysis of 71 B2B marketing organizations that actively measure customer loyalty

Loyalty Measures

Classification of customer attitudes based on members' quantitative loyalty data



MLC AND SEC ANALYSIS, 2008

Analysis of Customer Perceptions

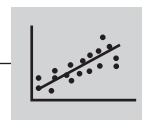
Company and Brand Impact

Product and Service Delivery

Value-to-Price Ratio

Purchase Experience

Multivariate
Regression



Loyalty Measures

Customer-stated:

- Willingness to purchase or repurchase
- Willingness to consider new offerings
- Willingness to advocate on the supplier's behalf

Participants

Analysis of 4,960 customers of 24 B2B companies including:

- Decision makers
- Decision influencers
- Procurement
- End users

Source: Sales Executive Council research; Marketing Leadership Council research.



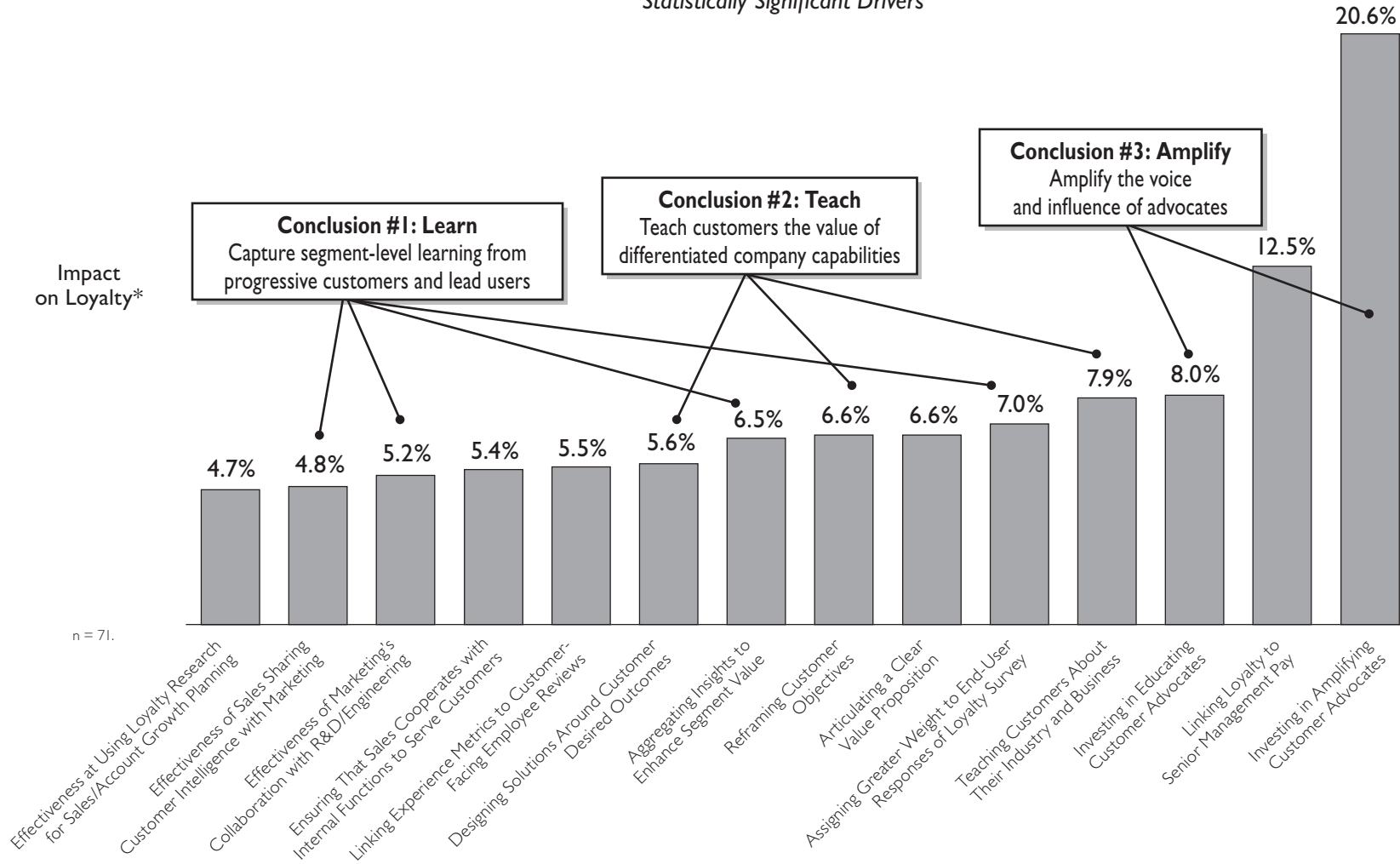
Marketing Practices

A NEW MANDATE FOR DRIVING LOYALTY

Loyalty Drivers Aggregate into Three Important Organizational Capabilities

Key Marketing Practices That Drive Loyalty

Statistically Significant Drivers



* Impact represents the average gain in loyal customers associated with moving from the lowest to highest quartile of performance for each attribute.



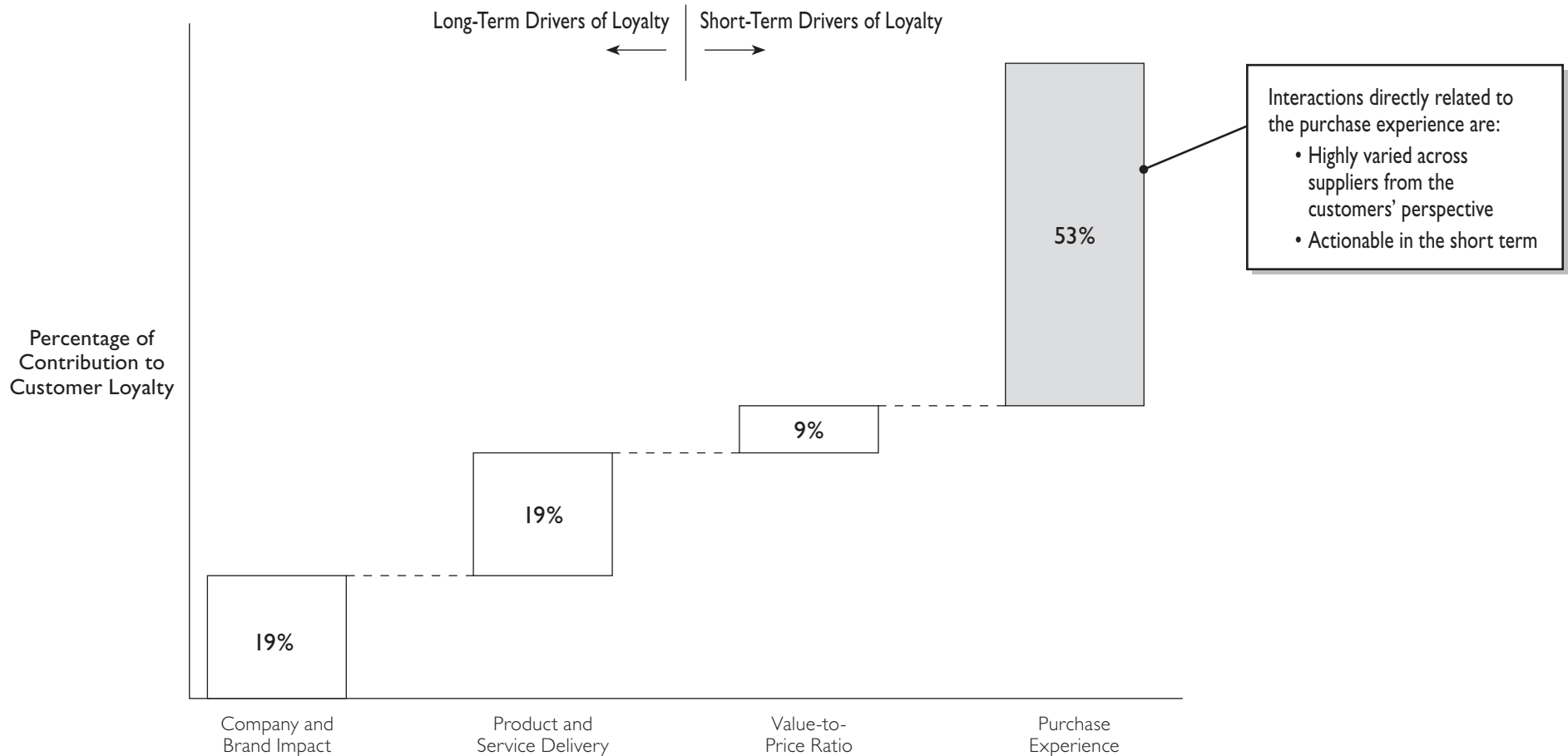
Customer Perceptions

NOT YOUR USUAL SUSPECT

The Purchase Experience Offers a Significant and Actionable Opportunity for Driving Loyalty

Drivers of Customer Loyalty

*Drivers by Percentage Contribution to Customer Loyalty**



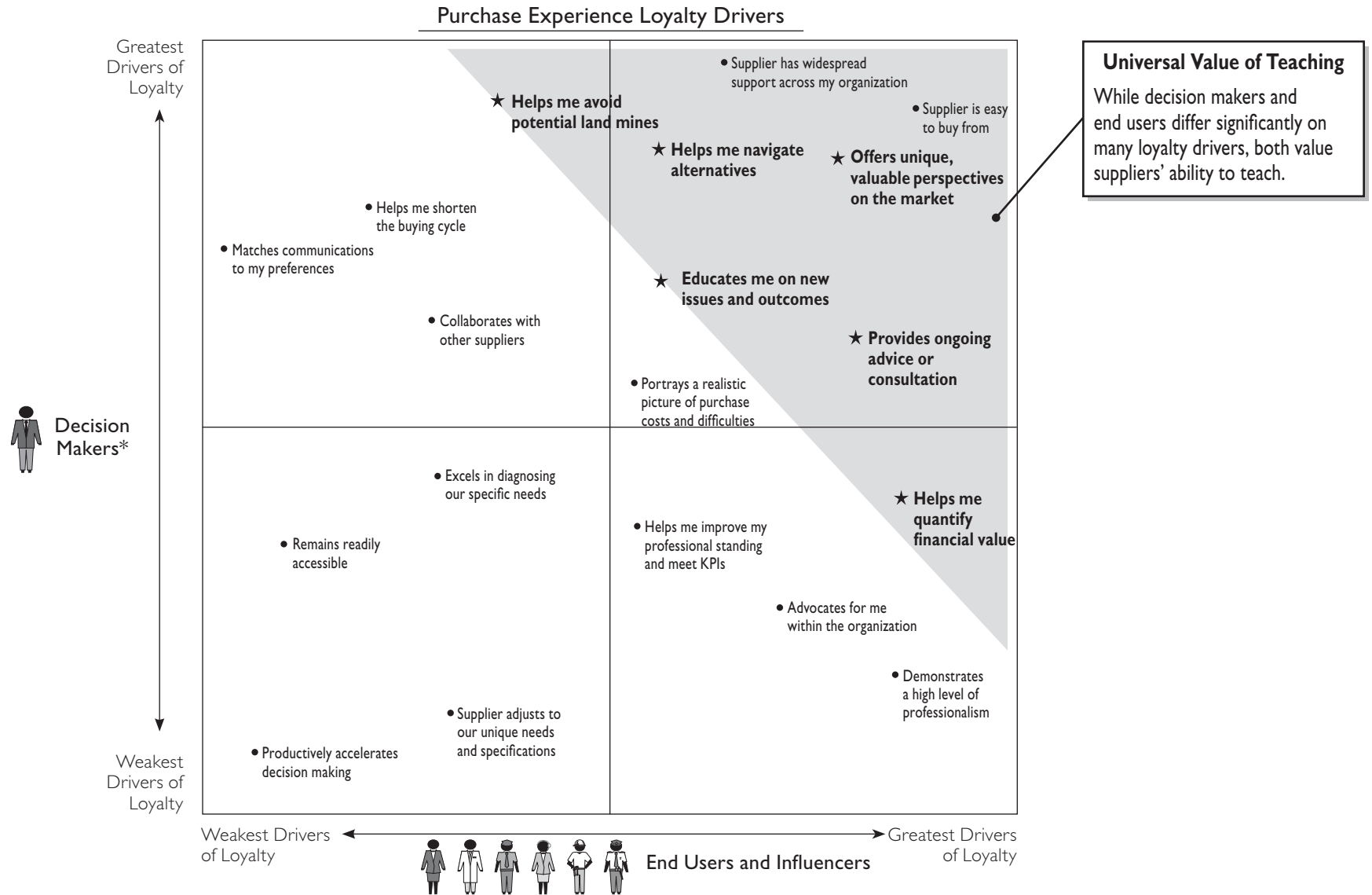
n = 4,960 B2B customers of 24 companies.

* All variables in model were statistically significant at p = 0.05.

Source: Sales Executive Council research; Marketing Leadership Council research.

TELL ME SOMETHING I DON'T KNOW

Both End Users and Decision Makers Derive Significant Value from Teaching Interactions



* From a statistical perspective, senior executives and procurement officials evaluate the purchase experience in almost identical terms.

Source: Sales Executive Council research; Marketing Leadership Council research.

A DELICATE BALANCE

While a number of teaching tactics resonate with customers...

...marketers often struggle to convert interest to actual sales

Representative Teaching Tactics

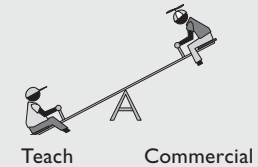
Common Pitfalls to Teaching Execution

I. Thought Leadership

- White Papers
- Webinars/Seminars
- Symposiums

Disconnect to Competitive Advantage

Raise more questions than they answer and lead to areas that do not link to differentiators

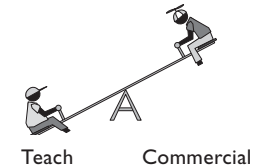


II. Customer-to-Customer Engagement

- Blogs
- Online Communities
- Customer Councils

Doubtful Contribution to Near-Term Sales

Enhance brand, experience, or customer insight, but difficult to directly attribute efforts to near-term sales

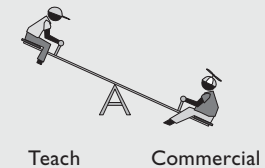


III. Collateral and Messaging

- Newsletters/E-Mails
- Online Directories
- Tradeshows/Conventions

Teaching Overshadowed by “Hard Sell”

Teaching attempts are overshadowed by clear lead generation or other overt commercial goals, eroding supplier ability to differentiate on anything other than product or price

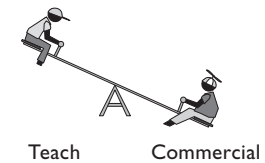


IV. Traditional Sales Interactions

- Consultative Selling
- Technical Experts

Digression to Product/Price Discussions

Reps deficient in key teaching skills—such as framing problems or sharing market intelligence—default to low-value product conversations



COMMERCIAL HIJACKING

Attempts to teach early in the purchase experience are often abruptly diverted to an aggressive commercial sales pitch, undermining both teaching and commercial aims.

Source: Marketing Leadership Council research.

NOT JUST ANY TEACHING

Teaching Must Satisfy Four Requirements to Drive Commercial Outcomes

Commercial Teaching

Definition: Reframing the way the customer assigns value to the areas where you outperform your competitors

Commercial Teaching has to...

Content Requirements:

①

Lead to Your Unique Strengths

Why?

Teaching that is equally relevant to other suppliers does not further customer appreciation for your unique strengths and therefore does little more than create goodwill.

②

Challenge Customers' Assumptions

Why?

Sharing information that is simply new or voyeuristically interesting fails to grab mind share and "stick" with customers.

Delivery Requirements:

③

Catalyze Action

Why?

Without sufficient pathing toward a solution for customers' problems and a prescription for action, teaching fails to further the sales cycle.

④

Scale Across Customers

Why?

The costs of developing and delivering one-off teaching content are a burden on the organization and not economically viable.

Source: Sales Executive Council research; Marketing Leadership Council research.

LAST THINGS LAST

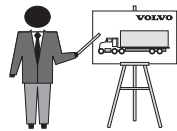
Effective Commercial Teaching Is About Leading TO Your Differentiators—Not Leading WITH Them

CASE IN POINT

Seeking to move beyond feature-based conversations...

Feature-Oriented Interaction

"Our 2,092 square inch, one-piece windshield will improve driver visibility, saving you money by reducing the likelihood of an accident."

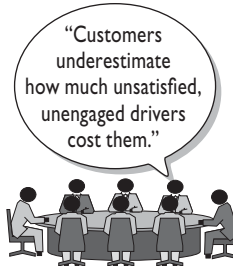


Features-Selling Rep

- Leads with value of product features
- Focuses conversation on known customer needs

...Alpha refocuses messaging on reducing costs through improved driver management...

Differentiator Messaging Workshop



Alpha Truck Differentiators
① First Choice of Professional Drivers

...enabling reps to teach customers the value of its solution.



Teaching-Oriented Interaction

"I'd like to talk to you about the costs associated with driver turnover..."

Impact of Driver Shortages	
Annual Driver Turnover:	130%
Recruitment & Training Costs Per Driver:	\$7,000
Total Annual Spend for Fleet Carrier with 200 Drivers: \$1.8 million	



Teaching Rep

- Leads with issues costing customers money
- Tells customers something they don't know about themselves
- Concludes with Alpha solution



Before
Leading WITH Unique Strengths



After
Leading TO Unique Strengths

* Pseudonym.

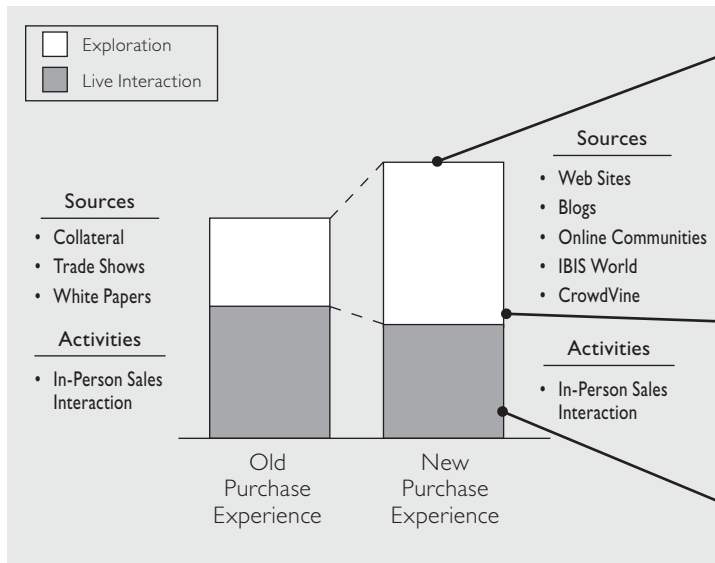
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A DIFFERENT KIND OF COURTSHIP

Increasing Information Availability—and Rising Solution Complexity—Have Changed the Customer’s Path to Purchase

The Evolving Purchase Experience

Decision Inputs



1 Greater demand for information fueled by complex solutions offerings

2 Widespread consumption of low-cost, easily accessible information

3 Heightened expectations and compressed timeframes for face-to-face interactions

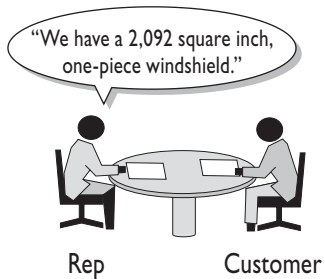
Implications for Sales and Marketing

Focus on Your Points of Differentiation
Design content to educate customers on outcomes and sources of value that ultimately link to company differentiators.

Engineer Next Steps
Give customers a compelling reason to continue to engage in teaching activities and drive urgency for commercial action.

Make the Most of Rare Opportunities
Use face-to-face interactions to provide perspective customers could not otherwise acquire.

Old Purchase Experience



New Purchase Experience



Source: Marketing Leadership Council research.

DIFFERENTIATING THE PURCHASE EXPERIENCE

Transforming Customer Interactions into Teaching Opportunities

I. WHAT SHOULD I TEACH CUSTOMERS?

Create teaching curricula that highlight a differentiated value proposition for each target customer segment, not simply the most sophisticated, leading edge thinking.



Conversation “Pathing” Workshops

Structured set of exercises resulting in a dialogue plan that allows sales reps to consistently guide customer conversations to a supplier’s unique points of differentiation



Points-of-Difference Value Proposition

Segment-based articulation of unique customer value drivers galvanizes functions across the enterprise around how to create differentiating moments of delight for customers



Needs-Based Segmentation Support Center²

II. HOW DO I ENABLE SALES REPS TO TEACH?

Direct Sales to sequence and structure teaching interactions that lead to a differentiated value proposition, rather than leading with a differentiated value proposition.



Dual-Track Teaching Protocols

Complementary set of exercises for sales reps and customers helps maintain a progression of teaching experiences while simultaneously keeping customers engaged throughout the purchase process



Commercial Teaching Survival Guide

Suite of tools helps customers re-weight the importance they place on their own business drivers while scripting reps on how they are differentiated across the areas of highest importance



Commercial Teaching Tool Inventory

III. HOW DO I CREATE DEMAND FOR TEACHING?

Design scalable interactions (tradeshows, Webinars, Web sites, etc.) to increase a customer’s desire and urgency to be taught, not simply to solicit business.



Online Teaching Escalator

Online experience deliberately designed to pique users’ interest in engaging and continuing to be taught, priming potential customers for more in-depth, in-person teaching interactions



Advocate-Amplification Tool

Simple-to-interpret value demonstration tool enables reps to direct customers’ attention to their critical knowledge gaps, with outputs that can be shared easily within the customer organization



Advocate Engagement Toolkit

¹ Pseudonym.

² A full version of this tool can be found on the MLC Web site at: https://www.mlc.executiveboard.com/Members/DecisionSupportCenters/Virtual_Consultant/NBS_VC/main.aspx

Source: Marketing Leadership Council research.



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