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SOCIAL MARKETING

to the

BUSINESS

CUSTOMER

LISTEN TO YOUR B2B MARKET,
GENERATE MAJOR ACCOUNT LEADS,
AND **BUILD** CLIENT RELATIONSHIPS

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The Changing Rules of B2B Marketing

Friends know Scott Hanson as an affable native Texan with a penchant for computers, cars, and poker. But to thousands of technology professionals around the world, Hanson is a celebrity. By day, he and three other technologists at Dell manage the Dell TechCenter, an online community that helps enterprise information technology (IT) professionals unravel the thorniest problems that occur when trying to integrate technology from multiple vendors.

Dell conceived of the community in 2007 as a way to enhance loyalty among its largest customers. Members share advice and ask questions of Hanson and the other engineers, who dispense it for free. The community is open and fully searchable, although only registered members can submit articles and comments. In 2008, about 100 people visited the site every day. By early 2010, that number was over 5,000.

Hanson and colleagues Jeff Sullivan, Kong Yang, and Dennis Smith are celebrities of sorts in the community of enterprise customers, who frequently seek them out for meetings at trade shows and during visits to the company's executive briefing center. Their celebrity has paid off handsomely for Dell: Hanson won't provide specifics,

but Dell has estimated that the TechCenter is indirectly responsible for many millions of dollars in sales each year.

That's despite the fact that Dell TechCenter isn't charged with selling anything. The site is free of advertising, and the member list may never be used for promotions. "The last thing IT people want when they come to a technical resource is an ad asking them to buy a laptop," Hanson says.

Those sales are generated by the affinity that the staff has developed with these key corporate customers. It's a camaraderie that is nurtured by personal contact. In the early days of Twitter, the Dell TechCenter staff had set up a common Twitter account as a secondary channel of communication. But it turned out that customers wanted to speak to people, not brands. The Twitter initiative really gained traction when Hanson became @DellServerGeek and Sullivan became @SANPenguin. Suddenly the discussion became more personal and the people behind Dell TechCenter more real to their constituents.

Welcome to the new world of business-to-business (B2B) communications. Dell TechCenter and other initiatives like it are microcosms of the changes that are sweeping across the corporate world as a consequence of the rapid growth of social media tools like blogs, communities, and user-generated multimedia.

Companies like Dell, which does 80 percent of its sales volume with corporate customers, are ideally positioned to take advantage of these new channels. In fact, B2B companies were among the earliest adopters of social media. Technology leaders such as Microsoft, IBM, and Cisco had hundreds of thousands of employees blogging as early as 2005, and those same companies are now expanding their footprint into social networks like Facebook, YouTube, and, overwhelmingly, Twitter. Microsoft has featured interviews with thousands of its own employees in video programs on its Channel 9 web site. The company wanted to expose its human side to a market that saw it as closed and secretive.

B2B technology companies have also been among the most creative users of social channels to reach the highly skilled people they need to hire in competitive labor markets. Recruiters have found that social channels are far more effective in identifying prospective

employees than recruitment advertising sources, and that prospects came into the hiring cycle with a better understanding and more enthusiasm about the company they were hoping to work for.

Yet B2B applications of social media get remarkably little attention. Perhaps that's because their focused communities of buyers pale in size to the millions who flock to Facebook Official Pages for Coca-Cola and Nike. Perhaps it's because glitzy video contests and games don't resonate with the time-challenged professional audience. It doesn't really matter. Few B2B companies seek the consumer spotlight, and their audiences, which may spend millions of dollars with them, are more interested in substance than in style. Fortunately, B2B social media is all about substance.

The B2B Difference

Why are B2B companies different, and why do they justify a social media book just for them? For one thing, B2B marketers quietly spend about $80 billion per year, some $3 billion of that online. Spending on B2B Internet marketing is expected to grow at a compound rate of 12 percent through 2013, with social media spending showing a 21 percent compound annual growth rate.[1]

B2B marketers are far more entrenched in social channels than they are given credit for. Business.com reported in late 2009 that 81 percent of B2B companies maintain company-related accounts or profiles on social media sites, versus 67 percent of business-to-consumer (B2C) companies.[2] The same study also found that three out of four B2B companies have a presence on Twitter, compared with half of B2C companies. Research by *BtoB* magazine and the Association of National Advertisers in early 2010 found that 57 percent of B2B marketers were using social media channels, compared with 66 percent of all marketers and up from just 15 percent in 2007. A study of social network usage by employees of major corporations conducted by NetProspex in May, 2009 found that 12 of the top 20 most active employee populations were at companies that sell primarily to other businesses.

There are big differences between selling to organizations and selling to individuals (Figure 1.1). Let's look at a few:

B2B marketing is much more likely to focus on value than experience. This distinction isn't absolute, of course; makers of automobiles and dishwashing detergent also figure value into the equation. But in nearly all B2B decisions, value is the driving force. Value can be expressed in many ways, including price/performance, the fit with the customer's business objective, flexibility, and compatibility with existing systems. The point is that the "Wow!" factor that is so important to many consumer buying decisions rarely means much in business engagements. In fact, flash obfuscates the clarity that business buyers need.

B2B buying decisions are usually made by groups, whereas consumer buying decisions are made by individuals. This has huge implications for marketing. B2B marketing programs must influence multiple people at multiple stages of the buying process, and each of those individuals has different priorities. The chief financial officer (CFO), for example, is focused on return, whereas the product manager may be thinking more about user experience or lead generation. "In B2B marketing, your end consumer is often not the same
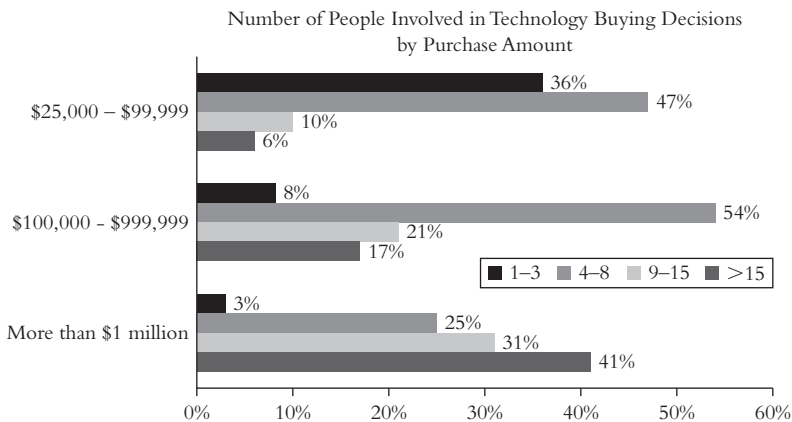

Number of People Involved in Technology Buying Decisions by Purchase Amount

Figure 1.1   People involved in buying decision.
Source: Marketing Sherpha / TechWeb.

person as the purchaser," says Alan Belniak, social media director at enterprise software maker PTC.

Interestingly, the opportunities for individual engagement are changing the group-buying dynamic in some cases. Salesforce.com, an enormously successful B2B software provider, gained a foothold in large corporations by pitching its service directly to individual sales representatives. By building a groundswell of enthusiasm, Salesforce was able to unseat major enterprise competitors who sold from the top down. However, even with this influence inversion, a company-wide commitment to Salesforce remains a group decision.

For this and other reasons, **business buying cycles are longer than consumer buying cycles**. This is primarily because more dollars are at stake and more people are involved in the decision. The choice of packaging machinery for a manufacturing plant, for example, affects that company's ability to deliver its product to the marketplace, which in turn affects its sales and stock value. With so much at stake, decisions often involve many rounds of meetings and may take a year or longer to conclude.

Business buying decisions are more likely to be a commitment than consumer buying decisions. Products like enterprise e-mail systems or aircraft engines live with the customer for a very long time. Issues such as the viability of the manufacturer, its quality of support, and its future product road maps have significant influence on these decisions. Once the sale is made, buyer and seller are bound together in an ongoing dialog. Businesses do business with those they trust.

Relationships play a more important role in B2B than in B2C decisions. In some cases, business buyers bet their careers on the choices they make. They need to feel confident that their supplier will validate the soundness of their judgment. Smart B2B marketers realize that their job is as much about ensuring the success of the buyer as it is about selling the product.

Service and support are essential decision factors. Business customers won't wait 20 minutes on hold to speak to a support technician, particularly if their assembly line is down. They expect their problems to be solved when they need them solved.

B2B sales have lots of moving parts. At the high end in particular, contracts are often custom bid and may include bundled services, special discounts, and detailed price schedules. This process involves extensive communication between the parties and direct contact between different departments of both organizations.

Channel relationships are complicating factors in the marketing equation. B2B marketers constantly struggle to strike a balance between selling to channel partners such as resellers and distributors and selling directly to customers. Channel partners ultimately sign the check for many B2B transactions and see themselves as owning the relationship with the customer. However, customer pull is a significant influence on sales, regardless of the channel. This is a perpetual quandary for many B2B companies, which must market to both constituencies without muddling the message or creating conflict.

Social media are well suited to addressing many of the unique issues noted so far. They're particularly effective at connecting customers with the people behind the products they buy. This barely matters in consumer markets, but in high-dollar transactions that may affect the fate of the buying company, the ability to communicate directly with designers, engineers, and support personnel can make all the difference. This is why we recommend that B2B companies that undertake social initiatives apply them broadly across the organization. The more you open up your company, the more credibility and trust you earn from your prospects and customers.

Buyers want their suppliers to use these channels. Cone Inc.'s 2009 Social Media in Business study found that 93 percent of business buyers believe all companies should have a presence in social media and 85 percent believe social media should be used to interact and become more engaged with them.

"The value of social is in building stronger, more connected relationships that extend beyond the traditional face-to-face kind," says Adam Christensen, manager of social media at IBM. "It's now more of a continuing conversation, so that when two people do actually get together again . . . the relationship is better."

Engagement won't work if it's limited to traditional marketing and sales; to be effective, social media must be adopted broadly throughout the company. Some executives will find much to fear in these developments. They have been trained to believe that employees are not fit to speak for the company and that disaster ensues when the message is not tightly controlled. For large companies in particular, an image of invincibility is a treasured corporate asset. That makes their inevitable pratfalls all the more embarrassing.

This isn't to say that fears of loss of control are invalid. Adobe Systems found out the hard way in early 2010 that even unbridled employee enthusiasm can have undesirable side effects. An Adobe Platform Evangelist named Lee Brimelow posted a series of screenshots on Adobe's Flash blog that were intended to show how bleak the online world would look without Adobe's Flash video display technology. In a subtle attempt at humor, Brimelow included a screenshot of a pornography site in his gallery (see Figure 1.2). Adobe was not amused when the gaffe exploded into a firestorm of mockery and anger.

Figure 1.2 Lee Brimelow's screen shot.

Nevertheless, we are confident Adobe will recover from this incident and may actually benefit from it. Brimelow's halfhearted apology had a kind of "lighten up" tone to it that reminded his audience that no lives had been lost. And the furor gave him another chance to state his passion for Flash and for Apple, whose omission of Flash from the iPad computer had sparked the blog entry in the first place. The fact that Adobe didn't fire or publicly rebuke its evangelist actually burnished its image as a tolerant and forgiving employer.

On the other hand, the upside of spreading social tools throughout the organization can be enormous, particularly for companies that have enthusiastic customers and passionate employees. Consider the once popular "case study," an essential B2B marketing document that has become a rat's nest of approvals and legal concerns. All you have to do is scan the web sites of a few B2B technology vendors to realize how sterilized and empty most case studies have become. By the time gatekeepers have had a chance to purge them of any hint of negativity or implied endorsements, the average case study has become little more than an extended sound bite. In fact, many companies now no longer submit to case studies at all out of the fear that endorsing one vendor could ruffle feathers of another. What are these companies afraid of? Aren't they the ones with the market leverage?

Contrast that with the blog entry written by the customer or the active discussion group on a technical forum. It turns out that when customers can speak to one another without submitting to some kind of marketing filtration system, they have interesting things to say. And no one is getting in trouble for this. Better yet, marketers can listen for free.

Social media marketing is a way to humanize the business, to turn frailties into endearing qualities that encourage experimentation, loyalty, and forgiveness. Today's most admired social media marketers—Dell, Cisco, Starbucks, Google, Ford, Procter & Gamble, and Wal-Mart, to name just a few—have adopted a philosophy of open experimentation layered upon a culture of risk tolerance. But one thing they all share in common is that they all had the good fortune of making high-profile, public mistakes, which compelled their upper management to update their communications strategy.

"Apathy is one of the biggest challenges to social media imple-mentation. When things are going well, people are less inclined to allocate budget. But when the brand gets slapped around publicly, or there's a recall or a crisis of some kind, that's an opportunity," says Pete Blackshaw, executive vice president of Nielsen Online Digital Strategic Services. "Negative conversations that go viral are a wakeup call to management." In many cases, at today's risk-averse companies, it may take a crisis to bring about cultural change. We hope that's not the case for you.

To Err Is Human

In her book *Open Leadership,* Charlene Li tells how Cisco chief exec-utive officer (CEO) John Chambers challenges prospective employ-ees. "I ask [them] to tell me about [their] failures," he says. ". . . it's surprising how many people say, 'Well, I can't think of one.' That person immediately loses credibility with me." Businesses are just like people. When they pretend to be infallible, they come off as dishonest because nobody's perfect.

In this book, we will argue that social marketing isn't a task to be delegated exclusively to the marketing department and that replacing traditional media channels with social ones will achieve only marginal benefits, if it achieves anything at all. To tap into the true power of these new channels, businesses need to rethink their culture and value systems. They need to reject the concept that all company informa-tion is a proprietary asset to be shrouded in secrecy. They need to reject the veneer of infallibility as an operating principle. Those were appropriate strategies in the information-starved world that existed prior to 2000, but marketing in the age of the web is about giving and participating and being as omnipresent as a company can be. In social marketing, developing solid interpersonal relationships is, generally speaking, much more important than showmanship.

Fallibility is endearing. When a notable politician or sports figure goes on *Saturday Night Live* and submits to the cast's mockery with a good-natured grin, we instinctively like him. In fact, willingness to accept shortcomings actually demonstrates confidence. Dell is the poster

child for corporate humility. The company was twice a very public vic-
tim of social media savagery: once at the hands of disgruntled blogger
Jeff Jarvis in 2006, and again two years later, when it denied overheat-
ing problems with its laptop batteries. Instead of walling itself off from
its public, Dell did the opposite. It embraced social channels with a
fervor few companies could match. In 2009, Jarvis himself traveled to
Round Rock, Texas, on assignment for *BusinessWeek* to document Dell's
remarkable change of heart. "Dell has leapt from worst to first," he
wrote in the lead paragraph of his feature story, which was titled "Dell
Learns to Listen." One of the reasons Dell is considered such a thought
leader in social media today is because it stumbled so publicly in the
past, learned from its mistakes, and championed culture change.

    We don't mean to suggest that this transformation is easy. Large
corporations in particular have enormous institutional impediments
to change. One is middle management. Although we've seen many
examples of middle managers championing change, people in that role
can also see open communication as a threat to their control. They rarely
derail an initiative entirely, but they can greatly slow its progress.

    A more serious impediment, particularly in B2B companies, is
long-serving senior managers who simply see no reason to do business
any differently. In some cases, they're right. We've worked with B2B
companies whose markets were so focused that the sales organization
already had personal relationships with every customer in the market.
At these companies, social marketing isn't an imperative, but today's
global business world changes so quickly that it seems shortsighted
not to be acquainted with the tools that can open up opportunities in
new markets. In Chapter 3 we look at how to sell social marketing to
tough customers.

Much to Gain

We assert that B2B companies actually have more to gain from social
marketing than their consumer counterparts because social tools
address so many factors that are unique to their market:

- **Group decision making** is enhanced when everyone involved
  in the decision has access to the resources that the vendor is

bringing to the table. This benefits small B2B suppliers in particular, because they can more easily expose their expertise and experience to prospective customers.

- **Business buying cycles** are shortened when buyers don't have to navigate through intermediaries to answer questions. Social media makes it easy to reach the source directly.
- Similarly, it's easier for buyers to make a **commitment** to a vendor when they know the people behind the brand. This awareness even provides an additional layer of comfort for **service and support**. If a vendor were to go bankrupt, for example, buyers would still have a way to find the people who built the products.
- **Relationships** can now be forged at every level. Although this may present a threat to the sales organization, it improves the chance that the buyer and seller will find touch points elsewhere in the organization. For example, product developers may be more effective than marketers at establishing trusted relationships with influencers in customer organizations.
- Complicated sales are made less complex when all parties have **open channels of communication**. This reduces finger-pointing and improves customer satisfaction. For the selling company, it also creates ways to identify new business and upsell opportunities.
- **Channel relationships** are smoother when all parties are clued into what each other is doing and can take advantage of opportunities for joint promotion and co-op marketing.

In short, social media can affect B2B relationships at nearly every level, but these benefits don't come without risk. Preparing a company to speak openly to constituents such as customers, regulators, and government agencies requires vision, commitment, and a tolerance for error. Not all companies have the culture or fortitude to make the shift. They are better off piloting initiatives through smaller projects designed to demonstrate business value internally or waiting until customer demand requires a culture change. And some companies, particularly at the high end of the market, may find that social media has little or no apparent value. This book is for them as well.

We wrote this book not to evangelize social media as a panacea, although we clearly believe that it has value in many areas. We believe that some organizations are better suited to embrace the principles we describe herein than others. If they decide that social marketing is not for them, at least at this time, that's fine. However, everyone needs to be aware of the dynamics that are reshaping markets of all kinds. Even if they don't affect your industry at the moment, chances are they will as the Facebook generation moves into the boardroom.

We hope that you can learn from the advice and examples that follow on how to apply these new principles, and also where to avoid them entirely. The important thing is that you strike out on a course that makes sense for your business.