

CHANNEL INSIGHTS

V2 // THE IMPACT OF THE GREAT
RECESSION AND SOCIAL MEDIA ON
SALES & MARKETING INTEGRATION

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EXECUTIVE SUMMARY //

Business-to-business organizations have often struggled to fully integrate sales and marketing; whether it is merely speaking the same language or adequately aligning with common goals, the two groups have often operated independently of each other despite the fact that success, more often than not, is predicated on their collaboration.

Two recent events have heightened the need to align these two groups. First, the recession has caused organizations to be more precise with their investments, making it more difficult for marketers to procure and defend their budgets, and for sales, to find buyers.

Second, the adoption and utilization of social media platforms are providing marketers with a low-cost opportunity to interact directly with customers and track their success. For sales, this means a new vehicle for gaining insight into customer buying behavior and understanding the influencer network. For marketing, this has elevated their role in helping convert identified leads to customers and provided the opportunity to manage “back-end” customer relationships.

The imminent question is: How should corporations respond to these recent economic and technology trends and use new competitive advantages that increase sales, build brand equity and customer loyalty, and reduce costs?

The key lesson? Despite social media offering the potential to deliver an insightful customer experience with meaningful business impact, failure to properly integrate sales and marketing leaves organizations at risk of being more disconnected than ever before.

THE SALES AND MARKETING ENVIRONMENT //

Traditionally, marketing has operated in a world with limited direct customer contact. In this setting, B-to-B marketing has used direct mail, magazine and trade publications, newsprint, and television to reach and communicate with prospects and customers. This strategy has consisted of one-way communication in which marketers have pushed content toward prospects with little direct feedback, often functioning through sales by arming salespeople with collateral and relying heavily on sales for customer knowledge and interaction.

Salespeople have served as the primary owners of customer relationships. They have exhibited vast and often exclusive control over customer knowledge and communication strategies, frequently leading dominant sales teams to even determine the course of marketing strategies. This hierarchy has traditionally caused conflict between sales and marketing teams.

However, recent technology trends are shifting this turbulent landscape by providing marketers a connection that arms them with data to better understand and engage customers and forge deeper and more meaningful relationships.

According to the 2010 B-to-B Marketing Leadership Study: ¹

87%

of the study respondents said that the marketing objective is to “build deeper insights into the client base.”

66%

of B-to-B marketers plan to decrease spending on print advertising in the next “two to three years.”

67%

of B-to-B marketers plan to increase spending on social media efforts in the same time frame.

64%

of the study’s respondents said they planned to boost digital spending.

And this direction will only accelerate; self-identified leaders of the study stated that they were moving at a faster pace into digital efforts than self-identified laggards.

¹ The B-to-B Marketing Leadership Study.” American Business Media, Association of National Advertisers, and Booz & Co. August 2010.

Figure 2

SOCIAL MEDIA CHANNELS



A CHANNEL TO FORGE STRONGER RELATIONSHIPS //

In addition to granting more access to customers and consumers, the migration to social media channels, as described in Figure 2, offers marketers new access to prospects through “inbound marketing.”²

Marketers are able to use social media to engage customers in real time and receive immediate and direct feedback, enabling precise segmentation of their audiences as they share more insight into their desires, interests and needs.

As a greater number of companies adopt and expand social media marketing techniques, the macro-level effects of this trend on the overarching marketing landscape become clearer: Social media tools and the interaction they enable have created a paradigm shift by increasing the expectations surrounding the customer-brand relationship.

Prospects and customers use these technologies to express their behavior and interests, and the expectation is that firms will successfully listen and absorb this information to better target, attract and cater to their preferences.

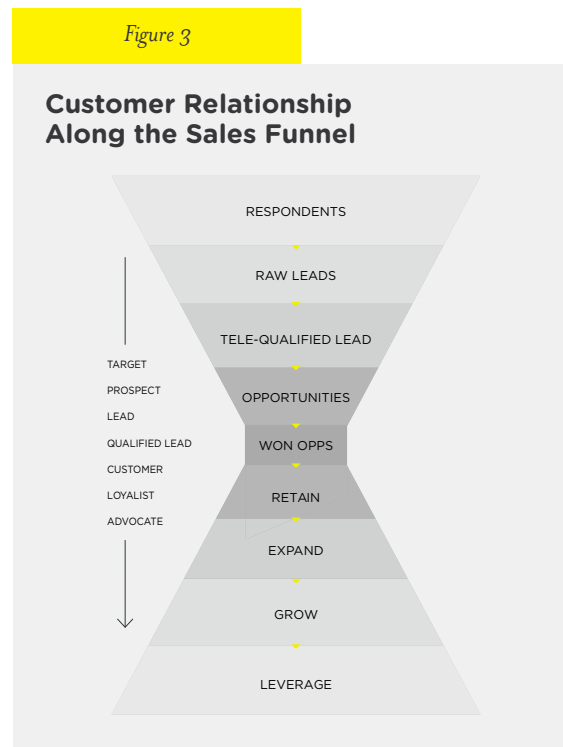
While marketers are recognizing the insight that social media provides their function, many sales teams have yet to identify what actionable information social media produces. The sales organization tends to operate in tangibles, for example, engagement level has marginal meaning to a sales manager unless he or she understands how that metric relates to creating, progressing and closing leads.

² Kerpen, Dave. *Social Media Marketing Magazine: Channels*. Web. 28 September. 2010. <<http://www.smmmagazine.com/channels/>>.

Source: GyroHSR Channel Marketing

CREATE AND ENABLE CUSTOMER ADVOCATES //

Web 2.0 has often been referred to as “customer-to-customer” or “peer-to-peer” communications, and some have gone as far as saying it is “customers selling to customers.”³ Reinforcing the influence of “peer-to-peer” information, studies suggest that 70 percent of individuals turn to user or customer reviews or ratings before purchasing products and services.⁴



Source: GyroHSR Channel Marketing

In addition, 90 percent of online consumers trust recommendations from people they know, and 70 percent trust reviews and recommendations even from unknown users, while only a meager 14 percent of individuals trust direct advertising.⁵ As a result, one of the most compelling reasons to utilize social media is because of its ability to facilitate and scale the most effective method of marketing: word-of-mouth advertising.

Because of its role as a communication channel, social media is largely becoming the responsibility of public relations teams within most B-to-B companies as current uses of social media have been aligned with “top-of-the-funnel” activities such as driving awareness, as featured in Figure 3. Those activities have been broadly focused at the marketplace, including media, investors, prospects and customers. However, the real business impact of social media may lie

much deeper in the marketing and sales funnel, through the enablement of customer “advocates.”

Research shows that the sales experience accounts for more than 50 percent of B-to-B customer loyalty.⁶

Therefore, enabling customers to share their experiences with your company, products and services through social media creates scalable word-of-mouth transmission. To capture this opportunity, social media tools and applications have to be integrated into account management, customer service and retention activities (at the bottom of the funnel).

For example, Lithium Technology designed a social CRM platform that enables companies to run hosted communities, listen across a variety of social media channels, and manage content to and from social networks in one integrated tool. Using this technology to capture and enhance the power of “customer-to-customer” selling, a company can turn customer advocates into a competitive advantage. A customer may tweet a question about a product (e.g., Is it worth the money?) on Twitter, and a customer advocate then brings that question into a company’s online forum, where another customer answers with a comment. The customer’s response to the question can then be retweeted by the company to promote the sale of the product.

³ McDonald, Bill. “Keynote Address.” Proceedings of the 6th Annual SourceMedia Conference.

Disney’s Grand Floridian Resort, Lake Buena Vista, FL. 20 October 2008.

⁴ The Nielsen Company. Nielsen Global Online Consumer Survey. April 2009.

⁵ Ibid.

⁶ Corporate Executive Board: Practice-Based Insights. Sales, Marketing and Communications Practice. 8 June 2010.

SOCIAL MEDIA AS A SALES TOOL //

Although the use of social media is now becoming widely considered and adopted by marketing organizations, it has yet to be understood by many salespeople. As part of channel marketing's research effort, the team explored areas where social media tools could provide value in the sales process. As featured in Figure 4, a simple two-by-two approach is mapped out along a common six-step sales process on one axis and the "BANT" (budget, authority, need, timing) lead-qualification process is aligned with the other axis.

Figure 4 shows opportunities in the sales process to apply social media tools to accelerate the lead management process and improve account management and support (the bottom of the funnel activities) based on what salespeople and customers are trying to accomplish during those steps.

Using social media at the beginning of the sales process, many B-to-B firms are increasingly using those tools as prospecting devices. Studies such as Tuba Ustuner's and David Godes's article in the *Harvard Business Review* on social sales networks suggest that to be successful at sourcing prospects, a salesperson's network should be made up of contacts that are diverse in functional role and industry.⁷

As a result, LinkedIn and similar platforms are helping salespeople create a more efficient marketplace network where each contact knows a more diverse array of people, creating a wider web of prospects. Identified prospects can also be used to help grow opportunities for buy-in and up-sell by enabling a salesperson to build relationships with individuals at a company beyond his or her immediate network.

Apart from opportunity identification, social media can address the problem of stalled opportunities. According to the Sales Executive Council, the most important front-line manager activity to drive growth is sales innovation, namely collaborating with reps to "unstick" deals.⁸ Oftentimes, the culprit for a "stuck" or delayed deal is merely the fact that one or more identifiable BANT lead-qualification elements has not been met.

While in many cases, B-to-B sales and marketing teams have ready access to the necessary information regarding budget, authority and timing, Figure 5 highlights social media's coverage and the specific tools that address a customer's "need" applied to the sales setting.

⁷ Ustuner, Tuba and Godes, David. "Better Sales Networks." *Harvard Business Review*, July-August 2006.

⁸ Disantis, Tom. "The Sales Challenger" » "Playing Defense With Customers Will NOT Bring You Better Results." The Corporate Executive Board. The Sales Executive Council. Web. 1 October. 2010. <<http://saleschallenger.exdblogs.com/2010/08/24/playing-defense-will-not-bring-you-better-sales-results/>>.

Figure 4

SOCIAL MEDIA AS A SALES TOOL ILLUMINATING CUSTOMER NEED

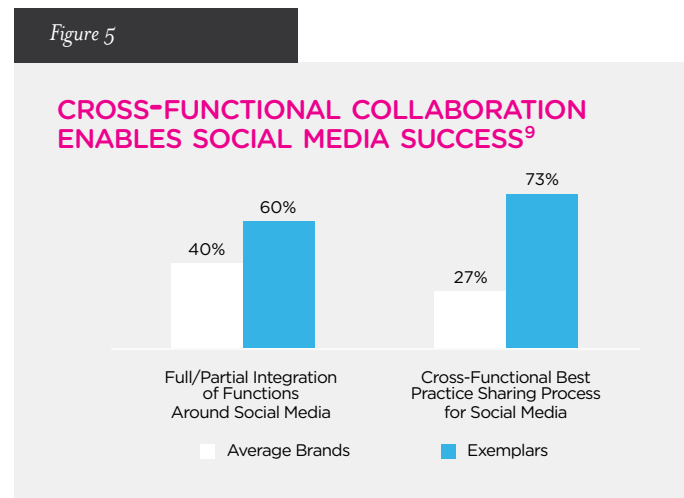
		SALES PROCESS					
		OPPORTUNITY IDENTIFICATION	OPPORTUNITY QUALIFICATION	PRE-SALES	CLOSE	SUPPORT	MANAGE
BANT	BUDGET Resources to buy						
	AUTHORITY Individual or group power to convert the sales cycle to a signed deal						
	NEED Matching the seller's capabilities to the prospect's requirements	Company and industry blogs Twitter feed RSS feed Social bookmarking Vimeo Yammer	LinkedIn groups LinkedIn follower Social news (Digg, Reddit) netVibes StumbleUpon	YouTube Meetup Yahoo! Upcoming		Chat rooms User community Facebook	Ning-based account portals Yelp
	TIMING When will the solution be deployed						
ACTIVITIES		Information gathering Credibility building Define targets	Define budget Develop requirements Identify buying group	Proposal creation Demo Site visit Referrals	Contract	Implementation Help desk Post-sale support	

As mapped out in Figure 4, it is clear that organizations are using social media to help better understand, anticipate and address customer and prospect needs. Allstate agents, for example, created a community portal on a Ning platform that provides agents with an online discussion area to post and answer questions, send out bulletins, blog about events and share useful knowledge. Allstate news headlines on the site keep agents up to date, and the network offers agents the chance to connect with each other and share insight with only a few keystrokes.

Source: GyroHSR Channel Marketing

SUCCESS REQUIRES INTEGRATION //

Social media can be used to create valuable customer advocates and be leveraged along the sales process as a tool to match the prospect's requirements with the seller's capabilities. Further, companies must have the ability to listen to and monitor discussion about their products and services—and those of their competitors—and aggregate that data across multiple touchpoints if they seek to proactively address both positive and negative customer chatter. However, success in these endeavors is predicated on sales and marketing integration.



Best-in-class organizations are recognizing and adapting to the fact that social and digital media have also changed the areas in which sales and marketing must integrate. Traditionally the focal point for integration rested in the segment of the sales pipeline between acquiring leads and converting those leads into customers. However, digital media is shifting this handoff downstream by equipping marketing with more data, insight and interaction as illustrated in Figure 4.

With these new capabilities and tools, marketing is gaining a larger role in converting identified leads into customers. In addition, as described in the discussion on creating customer advocates, social and digital media have provided marketers a mechanism to manage customer relationships, giving them more responsibility to retain customers and creating a need for a second point of back-end integration along the sales pipeline (at the bottom of the funnel in Figure 3).

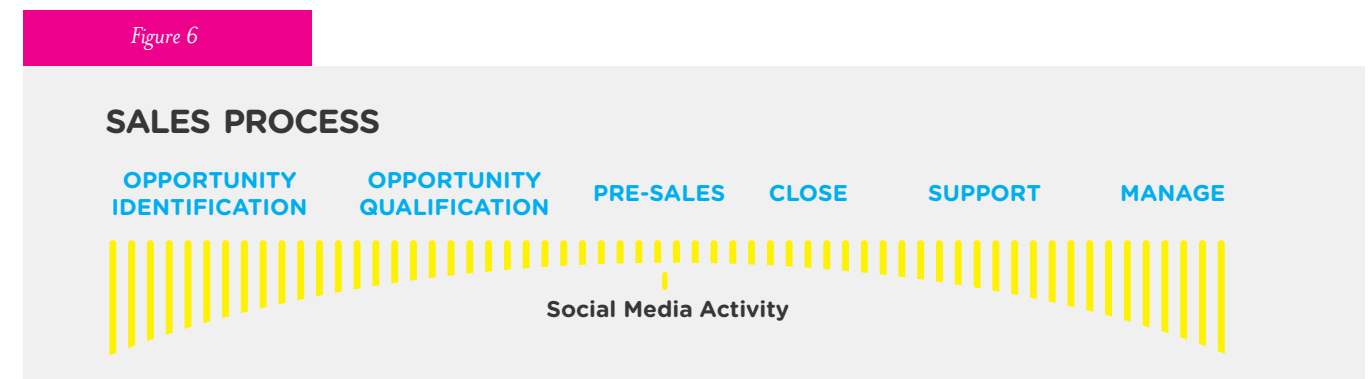
Accordingly, recent survey results shown in Figure 5 indicate that the firms most successful at generating top-line and bottom-line growth through social media—to better understand and interact with customers—experience far higher levels of cross-functional collaboration and integration than their peers.⁹

Ultimately, integration enables firms to synchronize customer knowledge and data in order to develop firm-wide relationship-building capabilities. This synchronization lets sales and marketing teams meet higher customer expectations and remain competitive in a new and challenging landscape. In this way, social media adds another viewpoint in the enduring goal of attaining a truly 360-degree view of the customer.

OUTLOOK //

With smaller marketing budgets and aggressive user adoption of Web 2.0 tools, social media can continue to make progress on the fringes of the sales process (see Figure 6). Companies find new application of social media for increasing awareness and opportunity creation with targeted audiences and continue to deploy tools to listen, interact and support customers.

As a result, sales and marketing teams need each other more than ever. Sales needs the customer insight and connection that marketing captures to accelerate the buying process; marketing needs sales results to be able to show measurable evidence to defend and expand social media deployment and activities.



Source: GyroHSR Channel Marketing

GETTING STARTED //

Buyer behavior has shifted permanently and as a result, companies need to adapt to this change. Research shows that 70 percent of companies plan to increase their social media investments in 2010 and 61 percent of marketers do not know how to get started.¹⁰ Included below are seven recommendations to consider while responding to the latest economic and technological changes:

1. **Recognize that a permanent change has occurred.** Social media and the effects of the recession are not going away anytime soon. Customers are now more likely to start their buying process on a social media site than a company site, and that trend will only continue. Budgets will remain tight and customers will need to know that they are making the best decisions for their respective organization. As a result, they will continue to rely on objective third-party experience with products and services.

⁹ The Corporate Executive Board, Marketing Leadership Council. "Closing the CMO Leadership Deficit in Social Media." Rep. 14 July 2010.

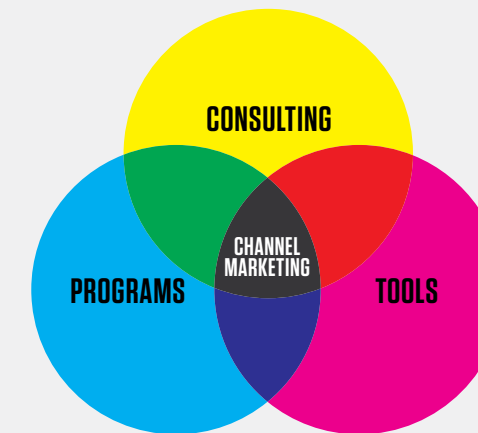
¹⁰ Corporate Executive Board, Sales, Marketing and Communications Practice. "Practice-Based Insights." 8 June 2010.

2. **Do not ignore the opportunity.** The value of social media is not that it fills an existing gap, or breaks new ground, as much as it is an enhancement to something that already exists. For B-to-B organizations, social media enhances word of mouth, customer engagement and relationship management. To determine the value of social media, business leaders have to experiment with applying social media to those three areas. According to the Marketing Leadership Council, CMOs who advocate for and lead social media efforts are three times as likely to drive business results as those who do not.
3. **Understand the difference between inbound and outbound.** Customers may share information with other customers, as well as employees in the organization who are not their account manager. Enabling the organization to digitally listen to customer conversations can provide the sales force with a whole new view into customer preferences and opinions.
4. **Plan and coordinate the customer experience.** Social media offers a host of new channels for customers to interact with the organization and with other customers. Companies need to determine how they will interpret, filter and aggregate inbound information, and if, how and where they will respond. According to recent research, the customer experience has four times more impact on preference and intent to repurchase than does the quality of individual touchpoints.
5. **Make it about them.** Business executives primarily use social media to stay current on news, network with other peers and to advance their careers.¹¹ As a result, organizations need to understand how to meet this need and how facilitating this interaction can help them better understand customer behaviors, interests and motivators. Sales and marketing should work together to determine how the organization's products and services could support and enhance the customer in their role.
6. **Demonstrate the value to sales.** The sales organization will want to understand how social media activities create a tangible business impact on leads, sales and retention. Marketing will have to translate how customer engagement can have an impact; current research will further this aim as leading work is already demonstrating a strong link between engagement levels and retention.¹²
7. **Think about Relationship Management 2.0.** Moving forward, sales, marketing, and service and customer communities may all play a role in managing certain components of customer relationships. As a result, organizations should segment and map customer buying behavior and channel preferences on a regular basis, which may challenge the way organizations currently cover and manage their customers.

CHANNEL MARKETING OVERVIEW AND SERVICES //

Using sophisticated consulting and analytic methodologies and tools, the GyroHSR Channel Marketing practice works with clients to help them better understand customers' buying behavior and channel preferences. Insights drawn from this process are then applied to optimize media, marketing and sales channel investments and activities.

Our team possesses deep industry experience, strong project management skill sets and deep analytic capabilities. We offer everything our clients need to make the transition to a new Collaborative Partner Model. For more information, visit www.gyrohsr.com.



NEXT STEPS //

CONTACT US to start the conversation about your channel strategy.

LEARN MORE about GyroHSR Channel Marketing.

¹¹Toolbox.com. "Top 5 Trends in B2B Social Media Usage: What Every Marketer Should Know." Rep. August 2010.

¹²Gallup Consulting. "Customer Engagement." Gallup.Com - Daily News, Polls, Public Opinion on Government, Politics, Economics, Management. Web. 1 October. 2010. <<http://www.gallup.com/consulting/49/customer-engagement.aspx>>.

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