For: Sales
Enablement
Professionals

Tip The Balance From Reference Customers To Advocates

by Peter O'Neill, February 5, 2014

KEY TAKEAWAYS

B2B Marketers Have Too Much Muscle Memory Around Customer References

Customer reference programs are often managed by a separate subdepartment with its own budget and staffing of specialist customer reference professionals. In recent inquiries with Forrester, B2B marketing pros have questioned the value of investing in these resources because they never seem to satisfy all the needs of their sales colleagues.

In The Age Of The Customer, Buyers Know Their Options Before Talking To Vendors

Buyers conduct extensive research before engaging sales staff and asking for a customer reference. Marketers must face a new reality: Empowered customers are educating themselves through professional and peer-created content available online. Many claim to progress more than halfway through the purchase cycle before they reach out to vendors.

User Testimonials Are A Mouse-Click Away; Make It Easy To Find The Good Ones

Empowered customers document their opinions freely, avoiding legal controls or PR considerations. B2B marketers should adjust their investment mix between static customer case study collection (resulting in impressive collateral that nobody reads) and a more agile, digital advocacy program that engages with buyers as early as possible.

Tip The Balance From Reference Customers To Advocates

Capture Buyer Satisfaction And Enthusiasm Earlier

by Peter O'Neill
with Bradford J. Holmes, Dean Davison, and Michael Shrum

WHY READ THIS REPORT

Most business-to-business (B2B) marketing budgets have a significant and recurring line item entitled "customer reference program," which involves extensive spending and effort so the sales force and other buyer-facing teams can readily respond to requests for references. But marketers must face a new reality: Empowered customers are educating themselves through professional and peer-created content that is available online. Many buyers claim to have a shortlist before they even talk to vendors. B2B marketers should adjust their investment mix between static customer case study collection (resulting merely in impressive collateral that nobody reads) and a more agile, digital advocacy program that engages with buyers as early as possible in the customer life cycle.

Table Of Contents

Notes & Resources

Forrester interviewed marketing professionals from the following companies: Act-On, AMD, Appirio, Apptio, Avaya, Bazaarvoice, Bluewolf, Convercent, Covisint, Ektron, IBM, Influitive, LexisNexis, Marketo, Magento, Medallia, ON24.com, Oracle Eloqua, PTC, Responsys, Sitecore, Teradata, Toshiba, and Verizon Business Services.

Related Research Documents

How To Design Communities For Marketing
August 7, 2013

Align Your B2B Community Marketing With Your Customers' Life Cycle
April 22, 2013

Organizing For Community Success
November 7, 2012

SPENDING ON CUSTOMER REFERENCE PROGRAMS IS TOO MUCH, TOO LATE

Most B2B marketing budgets have a significant and recurring line item entitled "customer reference program." That spending and effort is focused on documenting customer references so the sales force and other buyer-facing teams can readily respond to requests for references. Buyers usually ask for reference customers — to read about or even contact them — in their evaluation phase, because they want to be secure that other companies have had a good experience with both the offering and the supplier.[1] Furthermore, influencers such as industry analysts and reporters request customer references of marketers as part of their research process.

The ideal reference customer should be in the same industry and geography as the buyer, so marketing has to work even harder to collect enough references to cover all target market segments. Reference documentation ranges from a simple list of recommended customer names and telephone numbers to an extensively researched, multicolor brochure for each case study sitting in the literature center at the appropriate sales office.

Building and maintaining a customer reference pool involves a lot of people, a smart process, and significant resources. According to a recent study by inEvidence, a marketing services agency specializing in global customer reference programs for B2B enterprises, the average spend for a formal customer reference program, without staffing, is around $250,000; many large enterprises with revenue greater than $10 billion spend well over $1 million.[2] The Customer Reference Professionals Association reports that these programs continue to be maintained because of the fear that, otherwise, sales staff will be investing redundant time in gathering their own reference documentation.[3] The mere fact that this association exists demonstrates that B2B chief marketing officers (CMOs) often have a separate subdepartment with its own budget and staffing of specialist customer reference professionals.

Indeed, in recent inquiries with Forrester, B2B marketing professionals have questioned the value of investing these resources if only because they never seem to satisfy all the needs of their sales colleagues. In the inquiries, as well in Forrester workshops, we hear of many challenges in the customer references program, including:[4]

- **"We never have enough references."** The program managers struggle to satisfy demand from sales teams, public relations (PR) groups, product teams, and other organizations.

- **"Our clients are in sensitive industries" or "have conservative stakeholders."** Many companies are unwilling to stand up as references and see their names published. Often marketers invest resources in creating the reference documents and then see their investment wasted because of a legal or public relations veto.

- **"Our reference stories are not timely and become stale quickly."** Not only do quality reference stories become less relevant quickly in a rapidly changing environment, there is often a time lag between the initial sales-originated request and when the information is delivered. The lag results from research, content creation, and approval cycles involved in producing customer reference documentation.

- **"Our buyers are picky."** Potential buyers often want to speak only with select customers rather than speak with anyone. It is difficult for program managers to build a suitable portfolio of reference stories when customers want a perfect match.

- **"It's hard to provide quality data that buyers value."** Not only is it difficult to build a portfolio of stories suitable for targeted customers, but it's often difficult to collect the exact data that interests buyers the most. Financial return is often a hot topic prior to the project starting, but most customers themselves do not collect suitable data to satisfy this need.

At the same time, marketers are under increasing pressure to create and deliver new elements of digital content outside of their standard collateral library in response to new behaviors and expectations of buyers.[5] These programs, plus the need to invest in social media engagement and community marketing, all require resources and new skills, and many CMOs are asking where those funds and staff should come from.

## BUYERS TALK WITH PEERS EARLY IN THE PROCESS

One of the reasons for new content such as thought leadership is that business buyers behave quite differently than they did just a few years ago.[6] Buyers conduct extensive research before engaging sales staff and popping the question, "Do you have a customer reference you can give me?" Marketers must face a new reality: Empowered customers are educating themselves through professional and peer-created content that is available online. Many claim to progress more than halfway through the purchase cycle before they reach out to vendors.[7]

In the earliest stages of solving a problem, what Forrester calls the "discover" and "explore" phases of the customer life cycle, buyers are increasingly asking their peers about their impressions of vendors and products (see Figure 1). Traditional offer-respond-fulfill B2B marketing content does not address these early phases, while most customer references are kept back until the "buy" phase as part of sales conversations, where they are viewed, by customer reference professionals in particular, as most valuable and justifying the investment placed in each document.

Buyers also leverage communities where they can exchange ideas with like-minded peers and search for information to help them better understand their business issues. Indeed, they will even consume information provided by vendors if that content is based on customer case studies and relates to their business issues, over your technology (see Figure 2).

Later, when they are implementing and using the business technology or service they have invested in, buyers freely rate, share, and comment on their project to their peers (see Figure 3). They are giving back information to their peer community that helped them form a decision; they are placing their own opinion stake in the ground as part of the community; and they are informing the vendors and service providers that work with them about their quality. This information is often openly shared whether buyers are satisfied with the business solution or not.
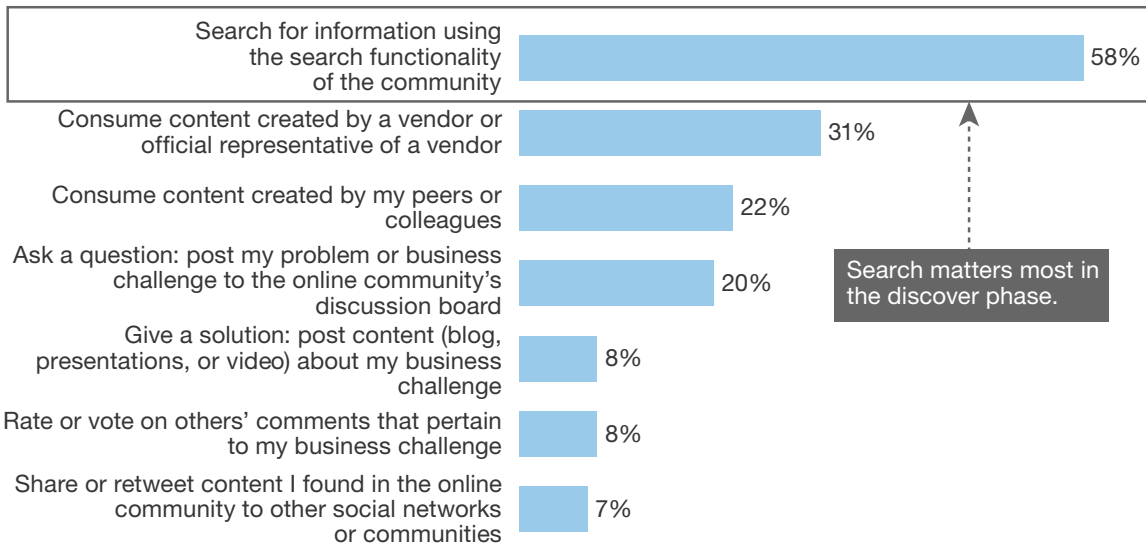
Figure 1 The Customer Life Cycle
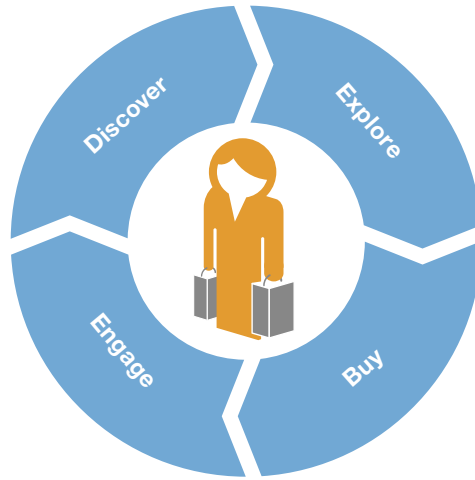
Figure 2 Buyers Search For Information During The Discover Phase

"What are the top things you do in an online community during the 'research a problem'/ 'discover new approaches' stages of your business problem-solving process (select up to two)?"

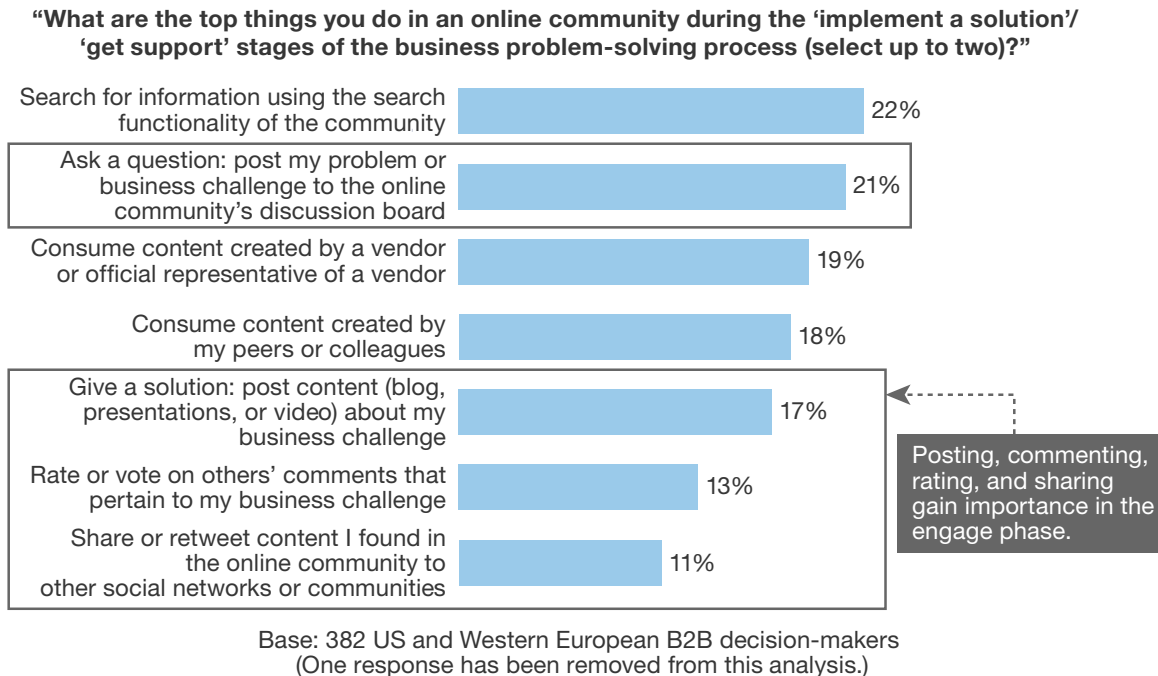|	
Search for information using the search functionality of the community	58%
Consume content created by a vendor or official representative of a vendor	31%
Consume content created by my peers or colleagues	22%
Ask a question: post my problem or business challenge to the online community's discussion board	20%
Give a solution: post content (blog, presentations, or video) about my business challenge	8%
Rate or vote on others' comments that pertain to my business challenge	8%
Share or retweet content I found in the online community to other social networks or communities	7%

Search matters most in the discover phase.

Base: 382 US and Western European B2B decision-makers
(One response has been removed from this analysis.)

Source: Q1 2013 North America And Europe B2B Social And Community Marketing Online Survey;
April 22, 2013, "Align Your B2B Community Marketing With Your Customers' Life Cycle" Forrester report

Figure 3 Buyers Create And Share Content During The Engage Phase

"What are the top things you do in an online community during the 'implement a solution'/ 'get support' stages of the business problem-solving process (select up to two)?"

Activity	Percentage
Search for information using the search functionality of the community	22%
Ask a question: post my problem or business challenge to the online community's discussion board	21%
Consume content created by a vendor or official representative of a vendor	19%
Consume content created by my peers or colleagues	18%
Give a solution: post content (blog, presentations, or video) about my business challenge	17%
Rate or vote on others' comments that pertain to my business challenge	13%
Share or retweet content I found in the online community to other social networks or communities	11%

Posting, commenting, rating, and sharing gain importance in the engage phase.

Base: 382 US and Western European B2B decision-makers
(One response has been removed from this analysis.)

Source: Q1 2013 North America And Europe B2B Social And Community Marketing Online Survey;
April 22, 2013, "Align Your B2B Community Marketing With Your Customers' Life Cycle" Forrester report

108681   Source: Forrester Research, Inc.

These Phases Now Require Marketing Engagement

Clearly, if their customers are not satisfied, marketers and customer service leaders must be able to pick up this negative feedback and deal with it as rapidly as possible. Most enterprises have set up listening platforms and centers to track negative feedback and show responsiveness. Curiously, most of the marketers Forrester talks to describe their scenario planning for these critical comments but plan little or no activities related to handling positive feedback and reviews. Even companies with a strong Net Promoter Score culture focus more on improving the low scores than leveraging the high ones.

Instead, when the feedback is positive, marketers and customer service leaders should take advantage of that customer's satisfaction and promote the scenario in real-time. Empowered customers document their opinions freely, avoiding legal controls or public relations considerations. By definition, a positive comment posted on the Web is already in the public domain.

This process should be developed further and formalized as an advocacy marketing program — online comments are essentially valuable customer references that other buyers in their own discover phase will also want to know about. For example, companies like Ektron, Marketo, and Oracle Eloqua encourage and promote their advocates' views of their products. Ektron's advocates are called "Ektronauts," people who believe passionately in that vendor's mission, vision, and products.[8] Marketo's

advocates are encouraged to compete for the "Revies," the Revenue Performance Excellence Awards, which recognize and celebrate customers and partners using the product to push outside the bounds of existing markets and away from their competition.[9] And Oracle Eloqua recently presented the seventh annual "Markie" awards for similar purposes.[10]

REFERENCES HELP YOU WIN; ADVOCATES GET YOU ON THE SHORTLIST

Advocate programs can capture the satisfaction and enthusiasm of customers much more effectively than customer reference programs. The programs work in real-time, are reactive to customer feedback, and are perceived as more credible by decision-makers compared with the reference program, which tends to be historical and often appears a little too prepared. From the point of view of potential buyers, there are clear differences between formal customer references and advocates. Most customer references focus primarily on how the "product" was used. While advocates still refer products, services, and suppliers based on their own experiences and usage, buyers are also getting these opinions much earlier in their problem-solving process, and the advocates invariably talk about the business issues they have solved. Often advocates are even prepared to describe themselves in nonbusiness terms, such as fans, evangelists, and promoters, and they are rapidly turning into a powerful force for igniting business.

Companies such as Act-On or Ektron now proactively seek out and promote their advocates to do their own referrals to their peers. They do not have to reward them in any financial manner for this behavior; they just provide insider access to new initiatives at their organization, a seat at the table when making important product road map decisions, or special treatment at events. Jim Williams, vice president of marketing at Influitive, a company that provides advocate marketing software and services to many enterprises, reports that "83% of satisfied customers are more than willing to become your advocates, referring your company to friends, colleagues, and industry peers, and yet, on average, only 29% of customers do. For many B2B companies, advocate marketing not only generates more leads directly through referrals, but accelerates revenue generation through every other marketing and sales channel."

RECOMMENDATIONS

ADJUST YOUR MARKETING MIX TOWARD ADVOCACY PROGRAMS

Many organizations are in danger of slowing down their revenue engine through the muscle memory of their customer reference programs. As buyers now discuss customer cases much earlier, companies that rely heavily on customer reference programs face the danger of not being invited to the request for proposal (RFP) table because nobody advocated for them earlier in the cycle. B2B marketers should adjust their investment mix between static customer case study collection (resulting merely in impressive collateral that nobody reads) and a more agile, digital, advocacy program that engages with buyers as early as possible in the customer life cycle:

- **Start an advocacy program by leveraging user communities.** A well-run user community will already be delivering financial returns for your company by reducing the support costs for your products and services. If you have such a community, expand the charter for your community manager to highlight use cases or best practices that surface in those discussions. If your products deserve it, you'll find that a subcommunity of advocates will develop organically. You just need to nurture the interest and encourage further communications. Each of the companies cited above has an associated online community program.

- **Add listening, responsiveness, and advocacy to your customer reference program.** Modernize your customer reference program through the use of digital marketing techniques such as social media, listening platforms, and communities.[11] If your customer reference program agency or service provider continues to work through dozens of customer cases each year and produces the same content for you as it has always done, consider swapping it out urgently.

WHAT IT MEANS

ADVOCACY MUST BE PART OF YOUR STRATEGY

As buyers increasingly leverage a multitude of communications channels to research their business decisions, they interact with suppliers at many different touchpoints: digitally, by consuming your content or visiting your website; face to face, by visiting seminars or trade shows or meeting with salespeople; and indirectly, by exchanging information with industry influencers and business partners. Most important, buyers control these interactions; we are now in the age of the customer.[12] The challenge for B2B marketers is to know about these interactions and collate them into the configuration of a pending business opportunity. They must therefore engage with the buyers as early as possible and then throughout the customer life cycle. And they must ensure that all marketing and sales contacts are informed of progress along the way, because customers will assume that all employees will know of them and their interest.

SUPPLEMENTAL MATERIAL

Methodology

Forrester's Q1 2013 North America And Europe B2B Social And Community Marketing Online Survey was fielded to 382 business decision-makers located in the US, Canada, France, Germany, and the UK, at small and medium-sized business (SMB) and enterprise companies with 100 or more employees. Business decision-makers included respondents in the IT, benefits, finance, marketing, and sales departments involved in both line-of-business product decisions and technology product decisions.

Research Now fielded this survey online in February 2013 on behalf of Forrester Research via its online panel and partner panels. Survey respondent incentives included gift certificates and research summaries. We have provided exact sample sizes in this report on a question-by-question basis.

We have illustrated only a portion of survey results in this document. For more information about this data, please contact inquiry@forrester.com.

Companies Interviewed For This Report

Act-On	LexisNexis
AMD	Magento
Appirio	Marketo
Apptio	Medallia
Avaya	ON24.com
Bazaarvoice	Oracle Eloqua
Bluewolf	PTC
Convercent	Responsys
Covisint	Sitecore
Ektron	Teradata
IBM	Toshiba
Influitive	Verizon Business Services

ENDNOTES

[1] Sometimes internal compliance rules force the buyer to collect and document a reference customer review before making a purchase decision.

[2] inEvidence, part of The Good Relations Group, has done over 4,000 case studies in 90 countries and 27 languages for leading B2B companies. In 2012, it surveyed 114 customer reference professionals from 49 enterprise organizations plus 18 agencies about their customer reference programs. Source: "Global Customer Reference Programme Survey 2012," inEvidence, 2012 (http://www.inevidencecrp.com/ inEvidence_Global_Customer_Reference_Survey2012.pdf).

[3] According to the Customer Reference Professionals Association, if you don't have a formal program, then people who require references across the organization are phoning or emailing colleagues to get help, which can quickly become a sizable consumption of time. Consider the scenario for a sales team with 100 reps each fielding three reference requests monthly (assume 1.5 hours each of unnecessary time working on each

request): That equals 450 wasted hours a month. The average quota is $2,500,000 per rep. The value of one working hour for each rep equals $2,500,000 divided by 2,000 annual working hours, or $1,197. Multiplied by 450 hours, this equals $538,793 annually, or a $6,465.517 opportunity cost to the organization of sales reps managing their own references. Source: Customer Reference Professionals Association (http://www.customerreferenceprogram.org).

[4] Forrester regularly holds a workshop called "Building Customer Reference Programs That Make A Difference" for Forrester clients, most recently held in December 2013. Source: "Building Customer Reference Programs That Make A Difference," Forrester Research, December 3, 2013 (http://www.forrester.com/Building+Customer+Reference+Programs+That+Make+A+Difference/-/E-EVE6399?objectid=EVE6399).

[5] Prioritize creating utility, marketing with content, and generating word of mouth over mouthing off: Cut your media and production budget by at least 10%, and spend the money on content and connections that have a multiplier effect in social and mobile channels. See the October 10, 2013, "Competitive Strategy In The Age Of The Customer" report.

[6] Great marketing content fuels the demand generation engine, boosts brand visibility, and attracts buyers interested in the problems your company can solve. But when marketers publish promotional information masquerading as thought leadership, these efforts produce unremarkable results. What's needed is a chief-marketer-level focus on the purpose, commitment, and processes required to make the thought leadership component of content marketing a companywide story, not just output from the marketing team. See the April 4, 2013, "Nurture Thought Leadership To Nurture Your Brand" report.

[7] Customers' newfound control over their decision-making will force B2B marketers to put the buyer's journey at the center of their marketing efforts, capturing them before and after this self-education phase. This report defines the framework for understanding the relevance of the buyer's journey to your business and provides a road map for navigating that journey before, during, and after the sale. See the February 21, 2013, "Rethink Marketing In The Buyer's Context" report.

[8] Source: Ektron (http://www.ektron.com/Community/).

[9] Source: Marketo (http://pages2.marketo.com/marketo-revvie-awards.html?utm_source=marketo&utm_medium=website&utm_campaign=na).

[10] Source: "Oracle Eloqua Honors Excellence in Marketing at the 2013 Markie Awards," Oracle Eloqua press release, October 25, 2013 (http://www.oracle.com/us/corporate/press/2042850).

[11] The ultimate value of a successful online community is forged in the balance of wins for your company, your brand advocates, and your customers. With that balance in mind, ask yourself: "Will this strategy, the associated design elements we deliver, and community engagement actions we take help us and our customers both reach our business goals?" See the October 30, 2012, "The Essential Steps To Community Success" report.

[12] Empowered customers are disrupting every industry; competitive barriers like manufacturing strength, distribution power, and information mastery no longer create competitive advantage. In this age of the customer, the only sustainable competitive advantage is knowledge of and engagement with customers. See the October 10, 2013, "Competitive Strategy In The Age Of The Customer" report.

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