CEB Highlight Series:
The Changing Business Customer
A COMPLEX WORLD

Today’s B2B purchases are made by large groups of highly diverse stakeholders.

- The typical B2B buying group includes 5.4 people.
- The shift to more complex solutions, increased involvement of procurement and third party consultants, along with the economic downturn have all contributed to increased consensus requirements.
- Customers also report high levels of diversity among their buying group members.
- As a result, buying group members’ goals and interests often conflict, which makes it hard to reach consensus decisions.

Q: “How many people are/were formally involved in this purchase decision?”

The average B2B buying group includes 5.4 buyers.

Q: “People from a wide variety of roles, teams, and locations were involved in this purchase.” Please indicate your level of agreement.

Impact of Group Diversity on Group Dysfunction

n = 911.
Source: CEB 2013 Sales Customer Panel Survey; CEB analysis.

n = 3,000.
Source: CEB/Motista 2013 B2B Value Survey; CEB analysis.

n = 950.
Source: CEB 2013 Sales Customer Panel; CEB analysis.
As buying teams grow, purchase likelihood falls.

- Purchase likelihood drops dramatically when there is more than one buyer and drops again when more than five buyers are involved.
- The average buying team—at 5.4 people—is teetering right on the brink of this second tipping point.

78% of suppliers report bigger buying teams.

n = 50.
Source: CEB Poll 2013.

Source: CEB/Motista 2013 B2B Brand Survey; CEB analysis.

n = 3,000.

GROUPS ARE LESS LIKELY TO BUY

Purchase Intent, by Buying Team Size
Percentage of Respondents Stating “We Will Definitely Buy From This Supplier in the Next Six Months” (Answers of 8, 9, or 10 out of 10)

- Purchase likelihood drops dramatically as soon as a second decision maker is present.

Source: CEB/Motista 2013 B2B Brand Survey; CEB analysis.
BUYERS CONFRONT CONSENSUS CHALLENGES THROUGHOUT THE PURCHASE

Perceived Difficulty of Individual Conclusion Versus Group Consensus at Each Purchase Stage

Q: “What are the two most difficult phases of the purchase decision?”

- Before buyers can agree on a supplier, they must first agree on the nature of the problem and solution.
- Most buyers find the early phases of consensus hardest.
- Across the purchase process, buyers report that reaching consensus is 81% more difficult than making up their own mind.
- Consensus on the solution is the hardest stage, followed by consensus on the problem.
- Consensus on the supplier is the least difficult form of consensus.

“Commercial insight helps with the early phases of consensus by unteaching buyers about the nature of the problem and solution.”

Across the purchase process, buyers find convincing others 81% more difficult than making up their own minds.

n = 3,000.
Source: CEB/Motista 2013 B2B Brand Survey; CEB analysis.
In large buying groups, desired purchases often fail because no one takes on the personal risk or effort of driving purchase consensus.

- Less than half of buyers who report purchase intent are also willing to advocate for purchase in the face of internal opposition.

- Additionally, many potential purchases fail before the group is even consulted. Indeed, almost half of buyers have failed to speak up about a desired purchase in the first place.

- The reason is that bigger teams increase the personal risk of advocating for a purchase. Indeed, as teams grow from a single buyer to six buyers, fear of losing respect doubles and fear of losing their job almost triples.

The Silent Killer: Inertia

Percentage of Willing Buyers Who Will Advocate for Purchase

- 49% Willing to Advocate
- 51% Willing to Buy, But Not Advocate

Many desired purchases never even get proposed. Other desired purchases fail early on because no one defends them from opposition.

Individual Risk Perceptions, by Buying Team Size

- Risk: Lose Respect and Credibility
- Risk: Lose my Job

The bigger the buying group, the greater the perceived risk of promoting an unpopular purchase—and the lower the chance of advocacy.

n = 3,000.
Source: CEB/Motista 2013 B2B Brand Survey; CEB analysis.
A DEEP DIVE INTO PERSONAL VALUE

Buyer Research

Quantitative Buyer Surveys
- 1,047 B2B buyers
- Multiple industries and purchase categories
- 9 regions covered

B2B Expert Interviews
- Interviews with academics and B2B researchers (e.g., ethnographers, win/loss agencies)

Marketer Research

Senior Marketer Interviews
- 100+ interviews with senior marketers at leading B2B brands
- Multiple regions and industries

Consultant and Agency Interviews
- Interviews with B2B ad agencies and innovation consultants

Contributing Companies (Partial List)

Afton Chemical, Bayer CropScience, BLACKROCK, bloomreach, BDC, BT, CATERPILLAR, CISCO, DENTSPLY, FCT, GORE, Intel, JPMORGAN CHASE & CO, LOGICALIS, MedAssets, Microsoft, ORACLE, SAP, SMART, VOLVO, xerox
THREE TYPES OF VALUE

Categories of B2B Value

- There are three types of B2B value:
  1. **Company Value**: Value for the organization. This justifies business decisions.
  2. **Performance Value**: Value relating to the work experience.
  3. **Identity Value**: Value to "me" and others (e.g., social needs and the need for self-esteem).

- Most suppliers currently focus on company value with recent moves toward performance value. Identity value remains largely untapped.

**Company Value “My Company”**
- Meeting industry standards
- Reliability
- Required features
- Achieving organizational goals
- ROI
- Improved performance
- Customer loyalty

**Performance Value “My Work”**
- Simpler work
- Time savings
- Productivity
- Structure and order
- Great service
- Better work
- Achieving personal targets

**Identity Value “Myself”**
- Pride in my work
- Respect from others
- Career advancement
- Belonging to a community
- Popularity with team
- Helping team and pleasing others
- Optimism/happiness about work

**Business Value**
- Business value accrues to the organization.

**Personal Value**
- Performance value accrues to both the individual and the organization.

**Personal Value**
- Personal value accrues to the individual.

Source: CEB analysis.
WHAT IS IDENTITY VALUE?

Identity Value Definition

Identity Value = Self-image benefits resulting from the customer’s perception of the product/service or experience. For example, feelings of increased pride or status as a result of a premium or exclusive offer.

Example of an Identity Value Appeal: Tide

![Image of man and child with Tide detergent]

Source: Tide; http://www.youtube.com/watch?v=JRZahJuEzXo; CEB analysis.

Identity Value Characteristics

WHAT IT IS
- Part of the value proposition
- Benefits individuals believe they personally receive as a result of purchase (via any element of the product or experience)
- Positive self-perceptions, not just perceptions of the product (i.e., how I feel about myself, not just how I feel about the product)

WHAT IT ISN’T
- Emotional communication techniques designed to drive attention and recall
- Perceived functional value alone (i.e., the basic purpose of the product/service)
- Emotions relating to the product with no impact on the individual’s self-image
Grainger’s campaign communicates business value, performance value and identity value.

- The video taps into the target customer’s identity as a problem solver by presenting a plant manager trying to keep the plant running amid a dizzying array of challenges.

- Grainger emphasizes that its fast and reliable service enables plant managers to solve problems efficiently and keep the business running—thus ensuring personal pride as well as respect from others.

- Importantly, this identity value message also appeals to other purchase stakeholders—namely Procurement and Finance who also keep the business running behind the scenes.

- As a result, Grainger motivates multiple stakeholders in the buying group with a single message.

CLAIMING ALL THREE VALUE TYPES

Screenshots of Grainger’s “Downtime is a Real Downer” Video

Campaign Overview

**Message:** Grainger understands challenges you face every day and has the products/service to help you keep your business running.

<table>
<thead>
<tr>
<th>Company Value</th>
<th>Performance Value</th>
<th>Identity Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less downtime and greater productivity (via more reliable service).</td>
<td>Easier and less stressful work experience (via faster and more reliable service).</td>
<td>Respect from colleagues and pride in work (through better problem solving and thus fewer complaints).</td>
</tr>
</tbody>
</table>
CLAIMING ALL THREE VALUE TYPES

Value Types Conveyed by Grainger’s Collateral

- Grainger links an identity appeal to its company-focused commercial insight to cover all key value types.
- Grainger takes a multi-pronged communications approach to cover all three value types: company value, performance value and identity value.
- Grainger’s commercial insight conveys both company and performance value.
- Grainger’s brand videos convey both performance and identity value.
- Combined, Grainger’s campaign materials present a compelling, multi-dimensional value proposition.

### Company Value
“*My Company*”
- Meeting industry standards
- ✓ Reliability
- ✓ Required features
- Achieving organizational goals
- ✓ ROI
- ✓ Improved performance
- Customer loyalty

### Performance Value
“My Work”
- ✓ Simpler work
- ✓ Time savings
- ✓ Productivity
- ✓ Structure and order
- Great service
- ✓ Better work
- Achieving MBOs

### Identity Value
“Myself”
- ✓ Pride in my work
- ✓ Respect from others
- Career advancement
- Belonging to a community
- Popularity with team
- Helping team and pleasing others
- Optimism/happiness about work

### Commercial Insight: Pitch Deck

### Identity Insight: “Get it. Got it. Good” Campaign

“You see a production line—I see a thousand potential things that could go wrong...”

Source: W.W. Grainger; CEB analysis.
IDENTITY VALUE MOTIVATES ACTION

Identity value motivates buyers to drive consensus more than performance value or company value.

- Beyond the basic level of company value required to be considered, additional company value doesn’t drive action.
- A buyer must see personal value (performance value and identity value) to take on the personal risk and effort of advocacy.
- Identity value has almost twice the impact of performance value on buyers’ willingness to drive purchase consensus.
- This is because identity value tends to carry more meaning and emotional impact for buyers.
- While performance value makes buyers feel better about a supplier’s solution, identity value makes buyers feel better about themselves.

77% of buyers already see company value.

n = 1,047.

Identity Value Defined: Any aspect of a supplier’s offering that changes how buyers see themselves and boosts buyers’ self-esteem.

Identity value can be provided by:
- Product features
- The customer experience
- Marcomm messages

Driving Consensus:
- Initiating group purchase discussions
- Leading group discussions
- Resolving conflicts
- Highlighting shared needs

Impact of Perceived Types of Value on Willingness to Drive Consensus

<table>
<thead>
<tr>
<th>Value Type</th>
<th>Impact on Willingness to Drive Consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value</td>
<td>0.000</td>
</tr>
<tr>
<td>Performance Value</td>
<td>0.250</td>
</tr>
<tr>
<td>Identity Value</td>
<td>0.500</td>
</tr>
</tbody>
</table>

n = 367.
Identity value drives commercial outcomes:

- Identity value alone drives both willingness to purchase and pay a premium more than either company value or performance value.
- Identity value produces commercial outcomes by motivating buyers to drive consensus.

### Impact of Value Types on Purchase and Premium

**Identity Value**
- Pride in my work
- Respect from others
- Career advancement
- Belonging to a community
- Popularity with team
- Helping team and pleasing others
- Optimism/happiness about work

**Performance Value**
- Simpler work
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- Achieving personal targets

**Company Value**
- Meeting industry standards
- Reliability
- Required features
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- ROI
- Improved performance
- Customer loyalty

Impact

- **Willingness to Purchase**
  - Identity Value: 0.422
  - Performance Value: 0.247
  - Company Value: 0.400

- **Willingness to Pay a Premium**
  - Identity Value: 0.577
  - Performance Value: 0.334
  - Company Value: 0.109

n = 1,047


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INTENSE EMOTION CREATES INTENSE COMMITMENT

“Moments” Campaign Collateral and Stakeholder Reactions

- Through deep customer research, Edwards identifies surgeons’ biggest emotional needs and top moments of intensity.
- To motivate surgeons to fight for its products, Edwards builds a campaign that taps into and legitimizes those emotions, while positioning its products as the solution.
- Edwards’ marketing materials and sales collateral use the campaign to boost others’ empathy for surgeons, including Procurement.

Key Creative Messaging Tips:
- **Show Emotional Needs**: Highlighting emotional needs creates empathy between diverse stakeholders.
- **Anchor on Peak Emotion**: Vivid portrayal of a moment of emotional intensity (deep concentration) drives instant connection for users.
- **Reveal the Unexpected**: For maximum impact, teach stakeholders something they are least likely to know about one another.

See full page collateral in the Appendix.

Source: Edwards Lifesciences; CEB analysis.
Suppliers do not need identity value messages, but should find ways to expand the relevance of each message.

- To minimize cost and complexity, suppliers will rarely tailor individual identity messages to every stakeholder in the buying group; nor is this necessary.

- However, identity value messages must take group dynamics into account.

- Marketers should take these steps to ensure identity value messages facilitate buying group consensus:
  - Start by creating identity appeals for the most influential purchase stakeholders (often the people in charge of setting purchase criteria).
  - Check that messaging will not alienate any member of the buying group.
  - Give mobilizers talking points about shared company value.
  - Sustain identity value (thus motivation) by building it into the entire experience.

Operational Guidelines

Guidelines for Expanding the Impact of Identity Value Messages

1. **Pick your best entry point(s).**
   Start by creating identity appeals for the one or two stakeholders who tend to be most influential. Alternatively, start with the stakeholders (or influencers) you understand best.

2. **Ensure chosen message is acceptable to the other 4.**
   Check that identity messages will not alienate any member of the buying group. If possible, look for identity needs shared by multiple stakeholders. If not, look for linkages.

3. **Build connective tissue.**
   Equip motivated individuals with messages to share with others, e.g., talking points about shared company needs and value.

4. **Continually reinforce identity value.**
   Sustain buyer motivation across the purchase and usage experience with repeat doses of identity value.

Source: CEB analysis.