

THE 5 PRINCIPLES Of Growth In B2B Marketing

Empirical Observations on
B2B Effectiveness

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Foreword

Last year our team set out to study the fundamentals of B2B marketing. What we found were reams of material on short-term, bottom-of-the-funnel tactics. We didn't find much on the value of brand building in business-to-business relationships. Compared to B2C, big picture thinking on what drives long-term growth is in short supply.

Don't we all instinctively agree that strong brands influence what companies we buy from, partner with, invest in, or decide to work for? If so, why isn't there more evidence-based research on this topic? Why does B2B marketing, an industry that is worth billions, seem to lack a coherent understanding of how brands create growth over time?

To address this gap, we created The B2B Institute—a think tank, funded by LinkedIn. We pursue conceptual R&D and experiment with new ideas for the whole industry. These ideas are meant to encourage debate and don't represent an official company point of view. Instead, we want to foster diversity of thinking about how to make the B2B marketers of the future more productive and successful.

To that end, we embarked on a quest to find the world's leading thinkers on brand effectiveness, and partner with them in creating original research. Les Binet and Peter Field are two such luminaries and we are delighted to present their findings on the core principles of B2B marketing.

They are deep thinkers grounded in rigorous research, and we see their work as foundational. Their findings are a fitting debut for what will become an ongoing series of reports presented by our Institute in partnership with experts from industry and academia.

The publication of this report also marks the culmination of two years of effort to organize our work under the banner of The B2B Institute. We would like to take a moment to acknowledge the great work of Peter Weinberg and Jon Lombardo, who led the partnership with Les Binet and Peter Field on the research side, and of Victoria Pattinson, who built the program to support it.

We are also very grateful to Kathryn Patten, Janet Hull and Tom Mott from the IPA, as well as our many collaborators across LinkedIn and beyond.



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OPINION

A New Growth Model For Contrarian Marketers

The most profitable ideas are contrarian ideas. The value of contrarian thinking is well understood in the world of finance, but much less well understood in the world of marketing. If your marketing strategy is based on consensus opinion — even if that consensus opinion is right — then you are destined to be average. If your competitors are doing exactly what you are doing, then you have no advantage, by definition. To find the upside, in life and in business, you need to be doing what no one else is doing. And you need to be right when everyone else is wrong.

Which brings us to this report from Peter Field and Les Binet, two of the greatest marketing minds of our time. For over a decade, Binet and Field have advanced a deeply contrarian approach to marketing, an approach based on the idea of “balance.” Marketers must balance short-term sales activation and long-term brand building, two different types of marketing that require different creative, media, and measurement strategies. Slowly but surely, this idea has gone from “contrarian” to “consensus.” More and more B2C marketers are adopting this approach every year. B2B marketers, however, have been excluded from the conversation.

Until now, of course. We here at The B2B Institute are proud to have commissioned the first-ever B2B cut of the IPA dataset. In the following report, Binet and Field will explore the principles of growth in B2B and outline five principles for effective B2B advertising. These principles are supported by the weight of empirical evidence and also by common sense (an underrated data set, in our opinion). We are confident that these ideas are right. But are these ideas contrarian?

Absolutely yes, according to recent surveys conducted by LinkedIn. Most B2B marketers are doing the exact opposite of what Binet and Field will recommend in this report. Binet and Field show that brand building is a long-term strategy that pays off in years, not months. And yet, according to our survey, only 4% of B2B marketers measure impact beyond six months. Binet and Field discuss the importance of pricing power and reach, and the relative ineffectiveness of loyalty strategies. And yet, according to our survey, only 30% of B2B marketers believe advertising has an impact on pricing power, only 52% believe reach is a strong predictor of advertising success, and over 65% believe that businesses grow by increasing loyalty, not customer acquisition.¹

This discrepancy presents B2B marketers with a precious, career-making opportunity: to be both right and contrarian. We believe those B2B marketers who are brave enough to reject consensus opinion and bet big on these principles will out-perform their competition. We look forward to working with those clients to show the industry a new and better model for B2B.



GLOBAL LEAD AT THE B2B INSTITUTE

Peter Weinberg



GLOBAL LEAD AT THE B2B INSTITUTE

Jon Lombardo

¹ LinkedIn 2019 ROI Survey, LinkedIn 2019 Brand Advertising Principles Survey

About The Researchers



Les Binet

Having studied Physics and Artificial Intelligence at university, Les joined Adam & Eve DDB in 1987, and has devoted his career to measuring and improving the effectiveness of the agency's advertising. Les is recognised as an expert in econometrics (aka market mix modelling), and has written extensively on how advertising works, how to make it work better, and how to evaluate it. Les has long been closely involved with the IPA Effectiveness Awards, having won more prizes than any other author, including two Grand Prix. In 2014, the IPA (the body that represents the UK advertising industry) awarded him its President's Medal, the highest honour it can bestow, in recognition of his achievements.



Peter Field

Peter spent 15 years as a strategic planner in advertising and has been a marketing consultant for the last 20 years. Effectiveness case study analysis underpins much of his work, which includes a number of important marketing and advertising texts and his pioneering work on the link between creativity and effectiveness. He has a global reputation as an effectiveness expert and communicator and speaks and consults regularly around the world about effectiveness issues. He is a contributor to the Wharton Future of Advertising Project.

Introduction

Over the last 20 years or so, best practice guidelines to improve the effectiveness of business-to-consumer (B2C) advertising have become well established, while business-to-business marketing (B2B) remains a relatively neglected field. Many question whether the same guidelines can apply in B2B; and certainly it is true that approaches that have been largely discredited in B2C are still commonplace in B2B.

This report will examine whether some of the principal rules for B2C effectiveness do apply to B2B. Our analysis makes use of the UK IPA (Institute of Practitioners in Advertising) Databank, one of the world's best sources of information on marketing effectiveness. The Databank comprises effectiveness data submitted alongside entries to the IPA effectiveness awards competition over a period of nearly 40 years (and counting). Currently containing data from almost 1500 marketing and advertising campaigns, the database includes details of business, targeting and creative strategies, budgets, media and—crucially—business results. Since 2006, we have been mining this data for statistically significant patterns in B2C effectiveness—clues to help us understand which strategies work best. Until now we have not had sufficient numbers of B2B case studies to reliably explore them; this report marks our first foray into B2B effectiveness.

By necessity, our findings are tentative. There are still relatively few B2B cases in The Databank, so sample sizes are small, at less than 50 cases. And those cases may not be typical of B2B marketing in general, because the IPA Databank is biased towards effective campaigns: all were cases entered into the IPA Effectiveness Awards competition (although comparisons with other research suggest that the bias is modest). Geographically, they are skewed towards the UK (although nearly a third of cases come from elsewhere). They also tend to have relatively big budgets. But despite all these limitations, we believe that there are some interesting patterns in this data, patterns that B2B marketers may well find useful.

Why Advertise?

There is growing scepticism amongst General Management about the value of brand advertising, and those in B2B are probably more sceptical than most. In B2C, brand advertising has been widely de-positioned as a primary growth driver by the exaggerated claims of ‘performance marketing’. In fact, B2C brand advertising remains essential to long-term growth for branded businesses, as many have discovered in recent years. In B2B, many resist this B2C truth, believing that, whilst brand advertising might work on irrational consumers, in the world of business, decision-making is more hard-headed and rational.

And in truth, in their early years, businesses can do extremely well without brand-building advertising. When a company first enters a market, sales tend to grow naturally through word-of-mouth and repeat business, so long as its products and services are decent and well-priced. And if the business is sufficiently innovative, efficient and committed to quality and service, with an energetic sales force, strong organic growth can continue for some time.

But eventually most businesses hit an inflection point. Innovation slows. Costs and prices have been driven as low as they can be. The pool of easily exploited business prospects begins to run dry. We have seen this in many B2C categories - sooner or later a firm needs to start advertising if it wants further organic growth. Many of the big tech firms are reaching this point now – evidenced by their large and rapidly growing advertising expenditure.

Why Growth Slows Down

The Bass Diffusion Model, first outlined by Frank Bass² in 1969, is one of the most cited laws of marketing. With one simple equation, it describes how innovations spread by assuming that:

- For any innovation, there is a pool, M , of potential adopters.
- In any given period, some of them will adopt it on their own, with probability p .
- Others imitate them with probability (q).

From these assumptions, one can deduce the number of adopters at any given time, t :

$$n_t = (p + qN_t)(M - N_t)$$

\nearrow \uparrow \uparrow \uparrow
 New adopters Proportion who Proportion who Cumulative
 will adopt their own will imitate adopters

Figure 1

² The other half of the Ehrenberg-Bass collaboration.

This produces an S-shaped growth curve (Fig 2). In the early phase, growth looks exponential. Early adopters pick up on the product, they tell their friends, and they in turn tell theirs. But eventually, the pool of potential recruits becomes exhausted, and growth starts to slow. This simple model accurately describes the growth patterns observed for many new products, services, brands and companies.

In the early phase, advertising may seem unnecessary. But sooner or later, reality kicks in. Innovators discover that growth doesn't last forever. And that's when advertising becomes essential. According to Bass, advertising increases the value of p , leading to faster growth in the early years and a higher level of sales when things do eventually stabilise. And if firms are prepared to increase their investment, advertising can even generate further growth.

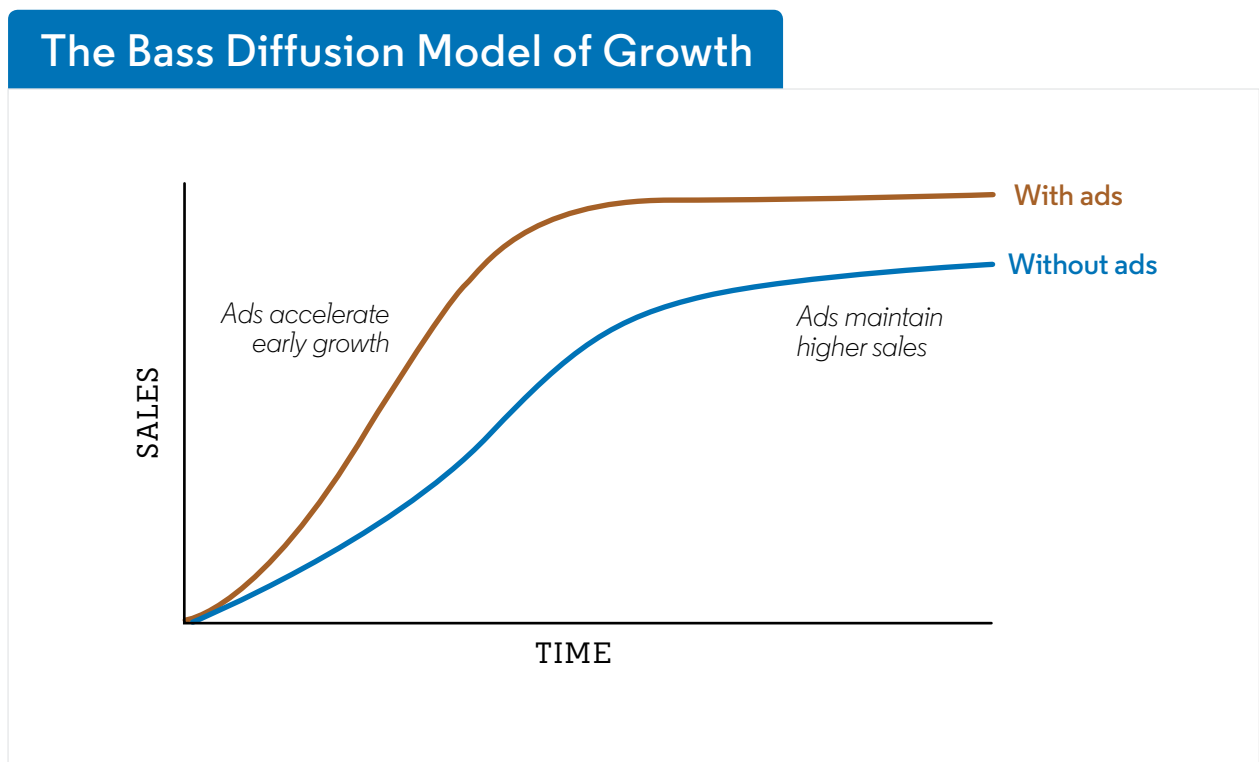


Figure 2

Five Principles of Growth

What should a B2B business do when it reaches that point? Will the same approaches that have been proven to rejuvenate growth in B2C also work in B2B? In this paper, we review five key principles that drive growth in B2C and show that they also work for B2B businesses.

The B²B Institute

PRINCIPLE 1

Invest In Share of Voice

In B2B, brands that set their share of voice (SOV) above their share of market (SOM) tend to grow.

PRINCIPLE 1: Invest In Share of Voice

In B2C marketing, there is a well-known relationship between a brand's "share of voice" (typically defined as its share of all category advertising expenditure) and its rate of growth. Brands that set their share of voice (SOV) above their share of market (SOM) tend to grow (all other factors being equal), and those that set SOV below SOM tend to shrink. The rate at which a brand grows or shrinks tends to be proportional to its "extra" share of voice (ESOV), defined as the difference between SOV and SOM (see Fig 3).

The share of voice rule has been known for 50 years and holds true in B2C today, despite all the enormous changes we have seen in that time.

The share of voice rule has been known for 50 years and **holds true in B2C today.**

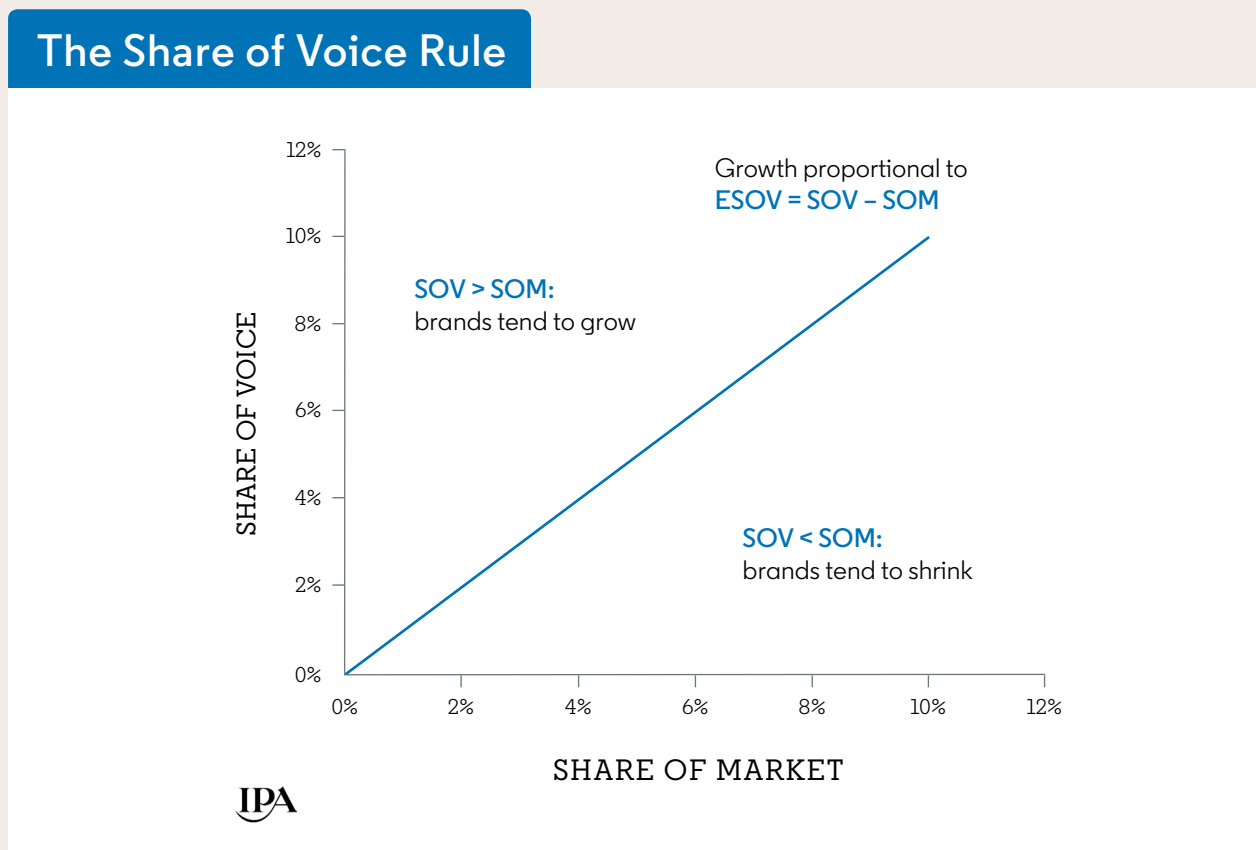


Figure 3

Does the same rule apply in B2B? Can we even show that advertising works in B2B? Our data suggests that it does, with a strong and statistically significant correlation between market share growth and ESOV for B2B brands. What's more, the size of the response is almost identical to that seen in B2C. For consumer brands, 10% extra share of voice causes market share to rise by 0.6 % points per annum, all else being equal. For B2B, the corresponding figure is 0.7%. In other words, B2B brands appear to respond to share of voice in almost exactly the same way as B2C brands do. Indeed, we find more variation between B2C categories than we do between B2C and B2B (see Fig 4).

If our B2B finding can be extended generally to all B2B businesses (and we stress that these results are tentative), then it offers businesses that invest in advertising a useful rule for setting budgets; set share of voice relative to market share targets using the ESOV equation; then estimate what spend is likely required to achieve that share of voice. This method is widely employed in B2C, and it now looks as if it will work in B2B too.

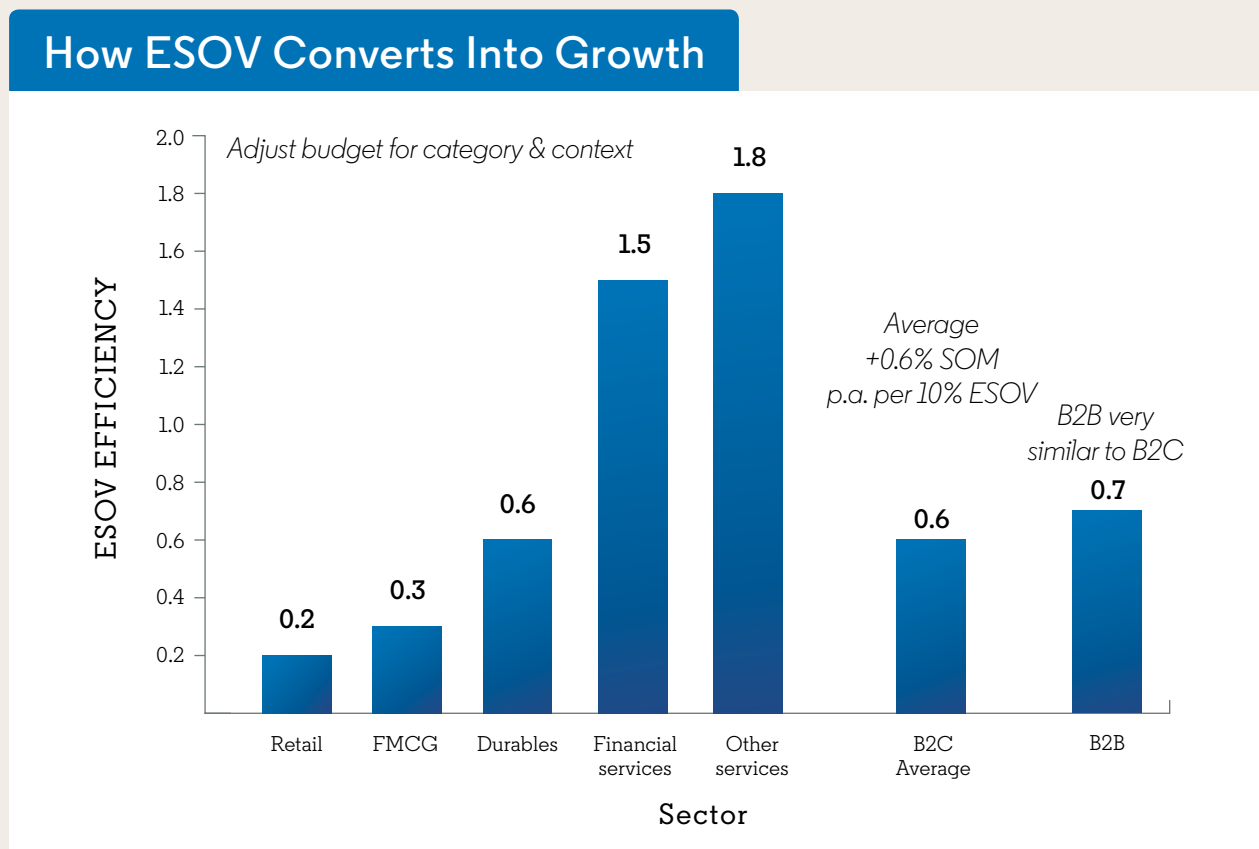


Figure 4. Source: IPA Databank, 1998-2008 cases

The B²B Institute

PRINCIPLE 2

Balance Brand and Activation

In B2B, brands should balance the budget between long-term brand building and short-term sales activation with a 50/50 split.

PRINCIPLE 2: Balance Brand and Activation

The second effectiveness principle is to balance the budget between long-term brand building and short-term sales activation.

By sales activation, we mean any activity that aims to get an immediate response: usually a piece of information, an offer, or a performance claim capable of delivering a cost-effective response. Activation should be tightly targeted on hot prospects and designed so that it is easy for them to respond. This is the world of performance marketing, incentives, and much digital activity. This kind of tactical activity is good for short-term selling, and ROIs can be high. But it is unlikely to be very memorable, so the effects don't last long and do little to foster long-term growth.

By contrast, brand building excels at driving long-term growth; it usually works on an emotional level to create long-term memories and associations that continue to influence purchase decisions long after the advertising runs. This is a bigger task than sales activation, requiring much broader reach and repeated exposure. But brand building is ultimately more effective, because the effects last longer and so accumulate over time. Brand building also reduces price sensitivity and increases margins. As a result, brand building is the main driver of long-term growth and profit (see Fig 5).

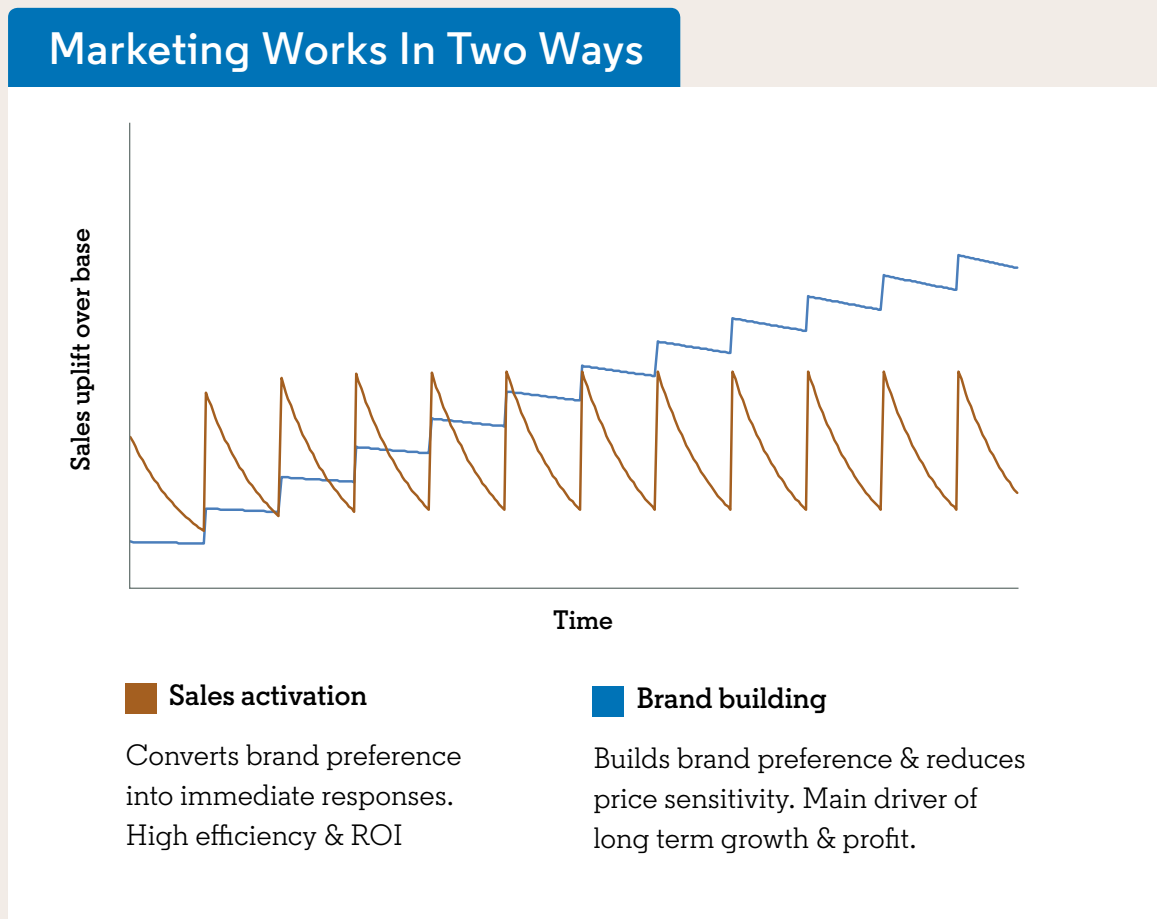


Figure 5. Source: Binet & Field, 2013

Businesses need both kinds of marketing activity. They need brand activity to create demand (filling the top of the sales funnel), and they need activation to convert that demand efficiently into revenue (the bottom of the funnel). When the balance is right, each enhances the other.

Because brand building is the bigger task, it should usually get the lion's share of the budget. In B2C, that efficiency is typically maximised when around 60% of the communications budget is devoted to brand, with the remaining 40% allocated to activation. But the optimal mix varies by category, price point, brand size and so on.

In B2B, our data suggests that marketing also works best when brand and activation are working together, but that the balance needs to be slightly different. Efficiency appears to be maximised when around 46% of the budget is allocated to brand, with around 54% allocated to activation (see Fig 6).

Note that this ratio should not be followed too precisely, rather it is a guiding principle. Our small sample only allows us to give a rough estimate, and we know from B2C that the optimal allocation varies considerably by category and context.

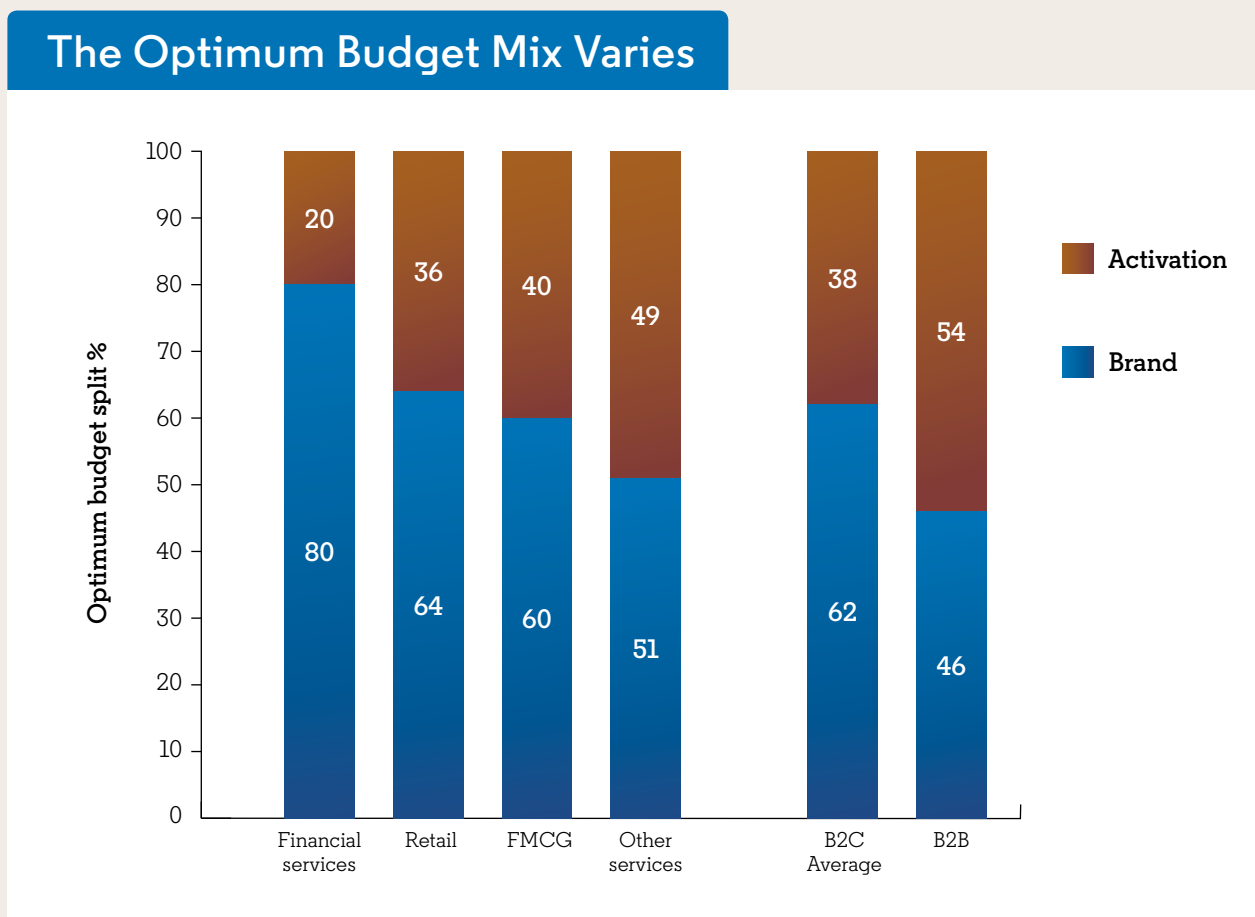


Figure 6. Source: IPA Databank, 1998-2018 B2B cases

The B²B Institute

PRINCIPLE 3

Expand Your Customer Base

In B2B, customer acquisition strategies tend to be much more effective than loyalty strategies.

PRINCIPLE 3: Expand Your Customer Base

Intuitively, it might seem that there are two ways a brand might grow – either by gaining more customers (increasing penetration), or by selling more to existing customers (increasing loyalty). Many think both strategies are equally viable and some, working on received wisdom, believe that loyalty is likely to be the more profitable route, because acquiring new customers is expensive.

In B2C, the overwhelming weight of empirical evidence tells us otherwise. Decades of research by the Ehrenberg-Bass Institute have shown that the main way brands grow is always by acquiring new customers and, as they do so, they always get a bit more business from existing customers as well. Loyalty is never the main engine of growth and only ever increases when penetration does.

Our own B2C research points in the same direction. This is true in every B2C category and context we have studied. And campaigns that make brand loyalty their primary focus under-perform on every business metric.

But does loyalty marketing perhaps work better in the B2B world, with its one-to-one service, dedicated account managers and well-resourced CRM programmes? Our data suggests not.

Our most robust measure of overall effectiveness is the “Number of Very Large Business Effects”. This is a portmanteau measure of significant movements in a range of six business indicators from sales through to profit. [For more details see Effectiveness in Context.] This metric shows, even with our limited sample of B2B cases, that customer acquisition strategies tend to be much more effective than loyalty strategies, and that reach strategies (which talk to customers and non-customers together) tend to be the most effective of all. In fact, loyalty campaigns had a zero success rate on this portmanteau measure (see Fig 7).

...campaigns that make brand loyalty their primary focus **under-perform on every business metric.**

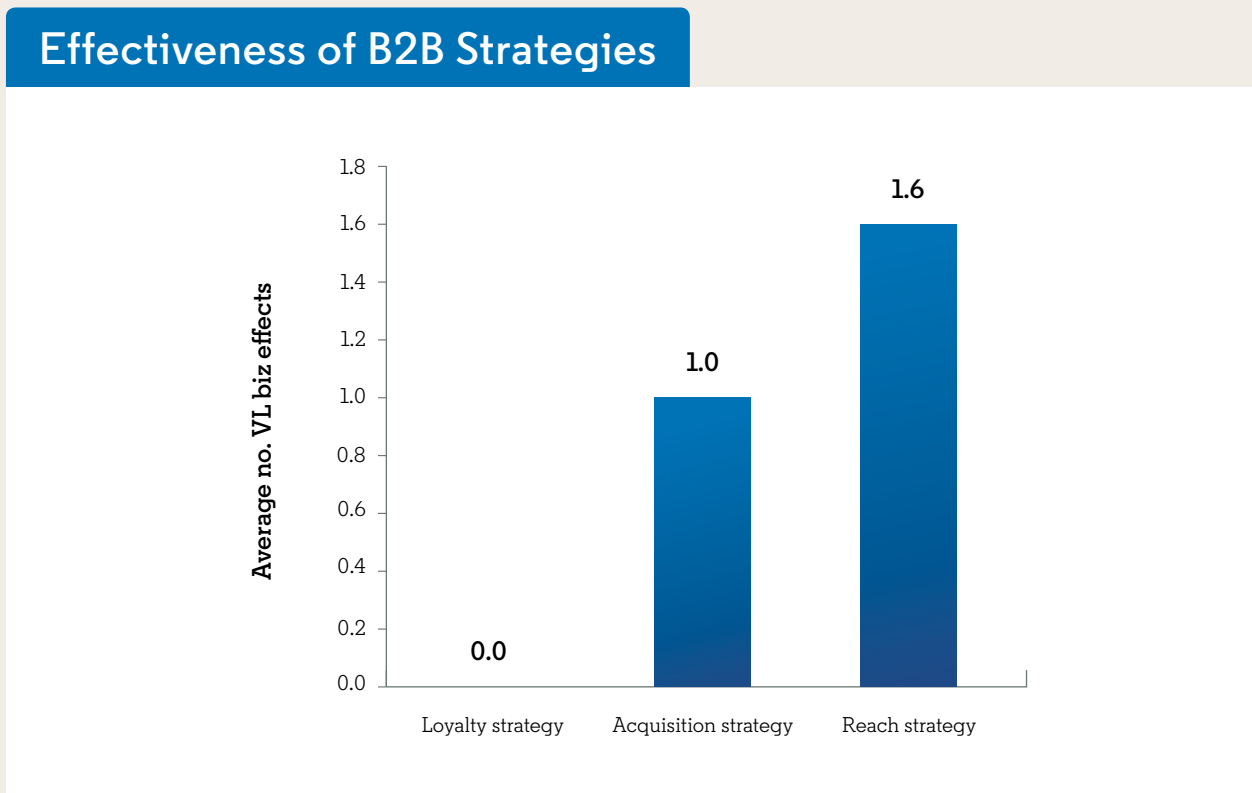


Figure 7. Base: 2008-18 B2B IPA cases

The researchers at Ehrenberg-Bass go further. Their data suggests that markets are much less segmented than most marketers tend to believe, and that the way to grow big is usually to appeal to as many category buyers as possible, rather than trying to “own” some segment of the market. So this is another facet of how broad reach (amongst category buyers) is the key to success, rather than tight targeting.

If B2B plays by the same rules, then there are clear implications for advertising strategy. Businesses should aim to maximise brand advertising reach of category buyers: they should try to talk to as many as they can. Most of that reach will be directed towards new prospects, since they’re usually the biggest pool. But broad reach advertising also helps to reassure existing customers that they have made a wise, popular and safe choice.

Does that mean B2B marketers should be using mass-market advertising? In B2C, there is a strong correlation between media effectiveness and mass reach, but we should not expect this to follow in B2B. In B2B, category buyers might be quite a small group, so media choice should reflect the overall composition of buying committees as precisely as possible, as well as those who are known to influence them (such as the end-users of the product or service). But brand targeting might also include those who are not yet in a buying role, but whose career paths may soon put them there. Knowledge of these career paths would be an asset to long-term targeting.

How Brands Grow

Research From **Ehrenberg-Bass** ■

Market share is a key driver of profitability, and as Byron Sharp, Director of the Ehrenberg-Bass Institute has shown, the primary driver of market share is penetration. The main way brands grow is by selling to more people: so the main way marketing communications drive growth is by increasing penetration, and the biggest gains come from customer acquisition.

Brand loyalty is less important, and is to a large extent a side-effect of penetration. Brands with high penetration tend to have better loyalty rates, as measured by things like share of category requirement and customer retention. This is what Sharp calls “The Law of Double Jeopardy”.

Over the last 60 years, the Double Jeopardy law has been observed in a huge range of products and services around the world, including B2B categories. It seems that, just as in B2C, B2B brands grow primarily by recruiting more customers. Retaining and developing existing customers is a secondary task.

Our data confirms Sharp’s model. Communications that target existing customers with the aim of improving loyalty or retention tend to have much smaller effects and these are short-term. The most effective campaigns talk to everyone in the market. They talk to customers and non-customers; they increase penetration and loyalty.

Sharp argues that, in most cases, the target market is in fact all buyers of the category. Markets are much less segmented than most marketers believe, and successful niche brands (in the true sense of the word) are relatively rare.

So successful brands talk to all buyers of the category, customers and non-customers, on a regular basis. Most of these people have encountered the brand before at some point, so the main job is usually just to remind them about it, and to ensure that it has higher “mental availability” than its rivals.

That means marketing really is a numbers game; the most successful brands tend to be those that have the most customers, and they tend to be the brands that talk to the most people in the market, most often.

The B²B Institute

PRINCIPLE 4

Maximize Mental Availability

In B2B, campaigns that aim to increase a firm's share of mind are the most effective, and the more famous they make the company, the better the business results.

PRINCIPLE 4: Maximize Mental Availability

Any campaign needs to maximise its impact on those who see it. The key metric here is what psychologists call “mental availability”.

Human beings have an amazing capacity for rational thought, but the truth is they don't use it much to make decisions. As Nobel Prize winner Daniel Kahneman puts it, “Human Beings are to independent thinking as cats are to swimming. They can do it, but they prefer not to.” Rather than applying logic and analysis to make a decision, people usually use mental shortcuts that behavioural economists have called “heuristics”.

One of the most important shortcuts is The Availability Heuristic. This mental rule-of-thumb says that, given a choice between several options, people tend to prefer the one that comes to mind most easily. As Kahneman puts it, the brain is largely “a machine for jumping to conclusions”.

Mental availability plays a crucial role in B2C marketing. Shoppers don't think deeply about most purchases; they tend to go for the brands that they know best and that come to mind most easily. Highly effective B2C advertising largely works by strengthening that mental availability to the point where choosing the brand in question becomes a “no-brainer”.

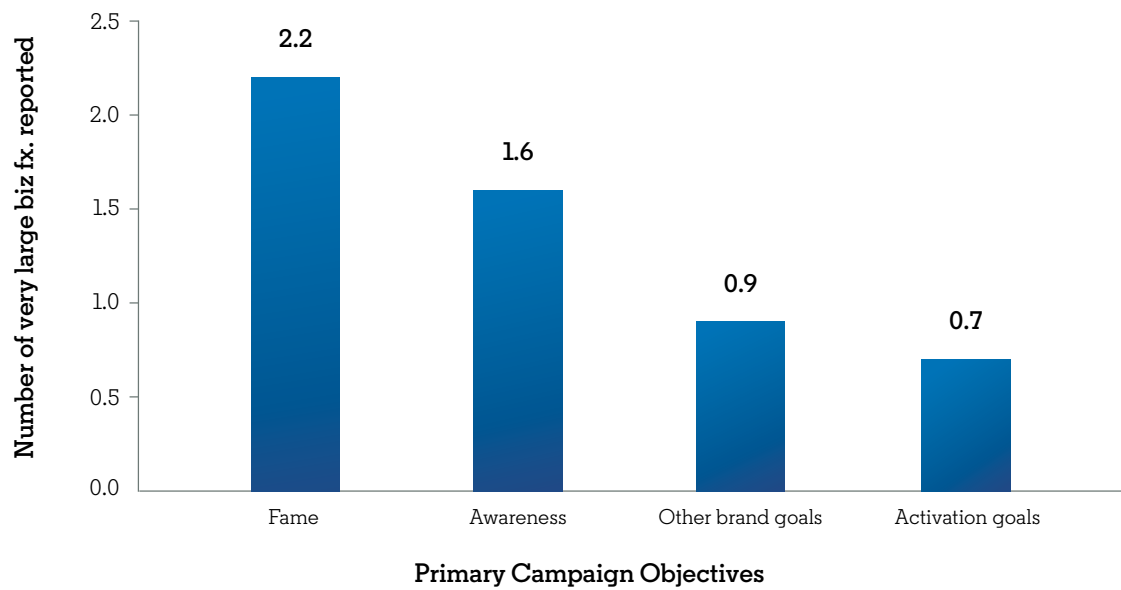
Mental availability is often assumed to matter much less in B2B. Buying decisions are assumed to be more carefully researched, considered and scrutinised in the business world, even amongst SMEs. And yet the famous B2B IBM campaign of the 1970s - “nobody ever got fired for buying IBM” - built mental availability by appealing directly to the emotions.

Even if B2B customers *are* a more rational bunch, our data suggests that mental availability still matters. Campaigns that aim to increase a firm's share of mind are much the most effective, and the more famous² they make the company, the better the business results (see Fig 8).

[the availability heuristic]

...given a choice between several options, people tend to **prefer the one that comes to mind most easily.**

Mental Availability Drives Growth in B2B



[2] By fame we mean getting the campaign talked about or shared.
Figure 8. Source: IPA Databank, 1998-2018 B2B cases

The B²B Institute

PRINCIPLE 5

Harness the Power of Emotion

In B2B, emotional messaging is more effective in the long-term, and rational messaging is more effective in the short-term.

PRINCIPLE 5: Harness the Power of Emotion

Getting buyers to automatically think of your brand when buying is only half the battle. Advertising also needs to strengthen preference for the brand. There are two main ways it might achieve that.

One approach is to find relevant, motivating, functional things to say about your products and services, and to communicate them clearly. This will be primarily rational advertising, with emotions and feelings either secondary or perhaps absent altogether.

The other approach is to create associations between the brand, the buying occasion and a relevant set of emotions and feelings that prime buyers to want to choose the brand. This will be primarily emotional advertising, in which explicit product messages may not be necessary at all. What matters is that when people think of the brand, they feel positively towards it, even if they can't quite say why. Such emotional associations also have the advantage of being more firmly embedded in memory than functional product messages.

It is automatically assumed that decision-making in B2B buying is profoundly more rational than in B2C. Yet the IPA data suggests that it is only slightly more rational. Case study authors (in the case of B2B cases these will be B2B agencies and their clients) assess how important rational and emotional consideration are in purchase decisions. Grouping campaigns by whether emotional consideration was greater, equal or less important reveals only slight differences with B2C (see Fig 9).

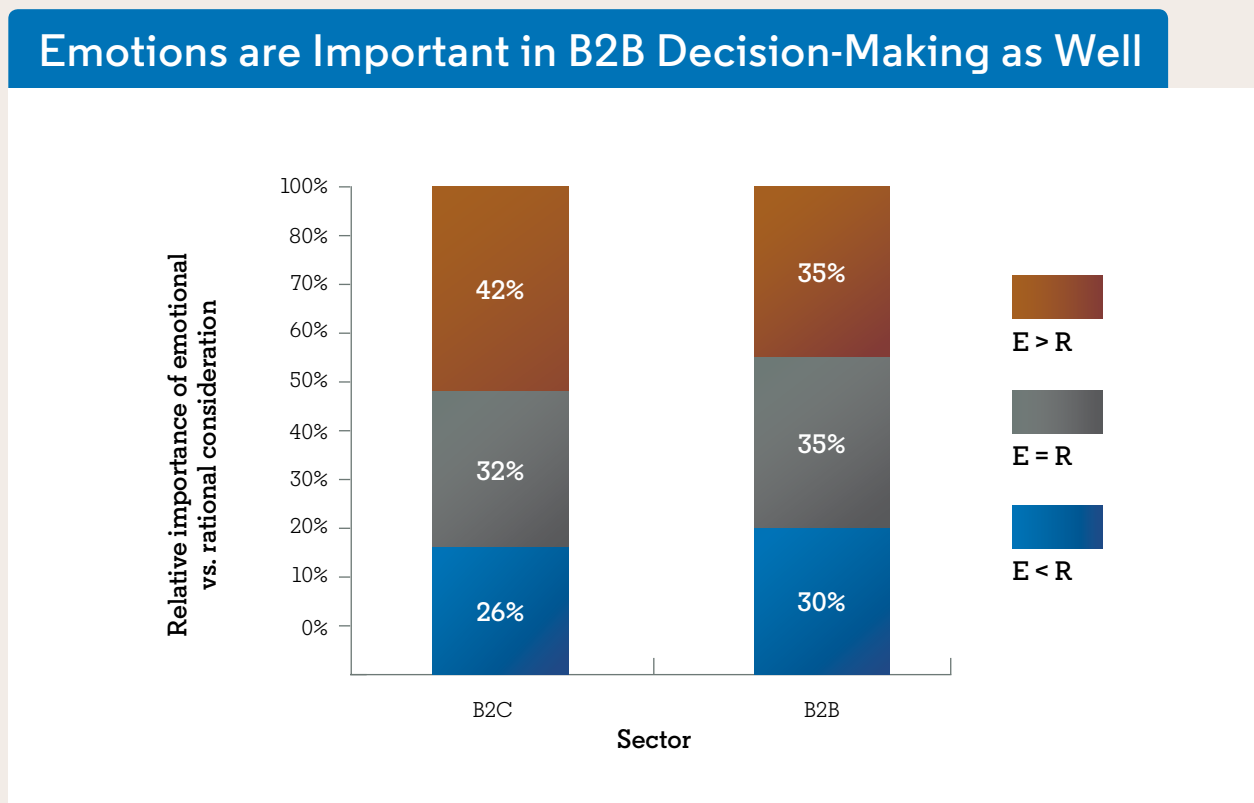


Figure 9. Source: IPA Databank, 1998-2018 cases

Of course, the IPA case studies cover the range of B2B marketing from Enterprise to SMEs – and given that there are far more of the latter, our findings may well be skewed towards SMEs. SME buyers are unlikely to be experts across their range of buying tasks, and are also likely to be time-poor and so are likely to rely heavily on heuristics in their choices - rather like B2C consumers. Enterprise buyers may rely on heuristics less, but are still influenced by them, simply because they are human beings.

In B2B marketing, just as in B2C, we find that rational persuasion works well for short-term sales activation, because people who are actively buying find product messages interesting and useful. But the rational approach does not work well for long-term brand building, which requires talking to people **before** they come to market. These people are much less interested in product information right now, so they either screen product messages out or quickly forget them (see Fig 10).

And, just as in B2C, emotional priming is also much more effective for B2B brand building, because it does not require people to be actively interested in buying the product, the brand or the category now. So long as the advertising itself is engaging, people will pay attention - and remember it. And if it's well branded, evokes appropriate feelings and creates the right associations, then this kind of advertising can increase demand for the brand. Serving time-consuming product messages to people who are not actively buying would be unlikely to ever achieve such a result.

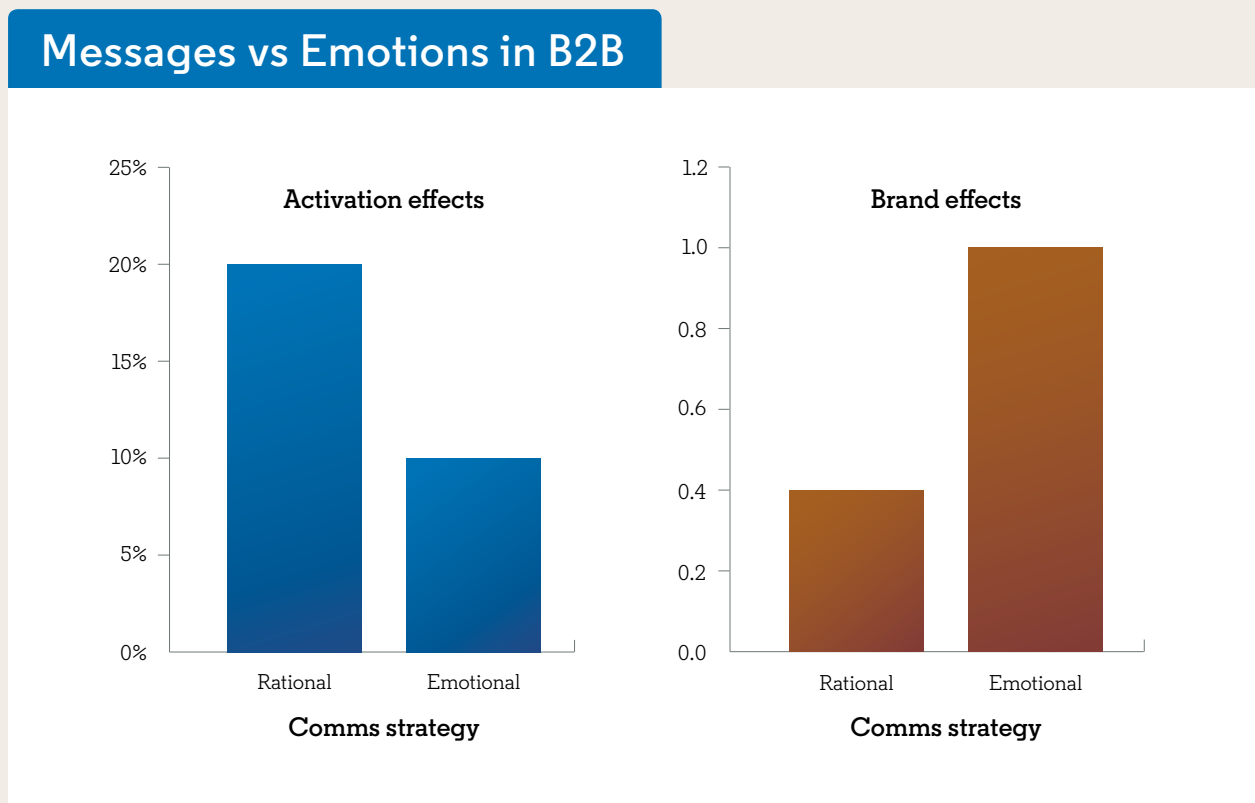


Figure 10. Source: IPA Databank, 1998-2018 B2B cases

Harness the Power of Emotion, continued

So the pattern of short and long-term effects in B2B is very similar to B2C. Marketing activity that is primarily rational produces strong short-term sales activation effects, but it is not so good for long-term brand building. Activity that is primarily emotional produces strong brand effects, but it is not so good for short-term activation.

The power of emotional campaigns is strengthened by another important choice heuristic: the affect heuristic. Kahneman's model suggests that if we like a brand, we will tend to hold positive beliefs about its benefits. So advertising that successfully makes a buyer like a B2B brand more is also likely to improve their assessment of its products or services. And this is likely to have a knock-on effect on the ability of those brands to activate short-term sales; if buyers already believe a brand offers good products, they will be more responsive to messages that tell them to act on that belief now. So it is widely observed in B2C that stronger brands don't just win in the long term but also that their short-term sales activation works a lot harder. Our data suggests that the affect heuristic also works in B2B: we see exactly the same pattern, with strengthened brands punching harder in both the long and short terms (see Fig 11).

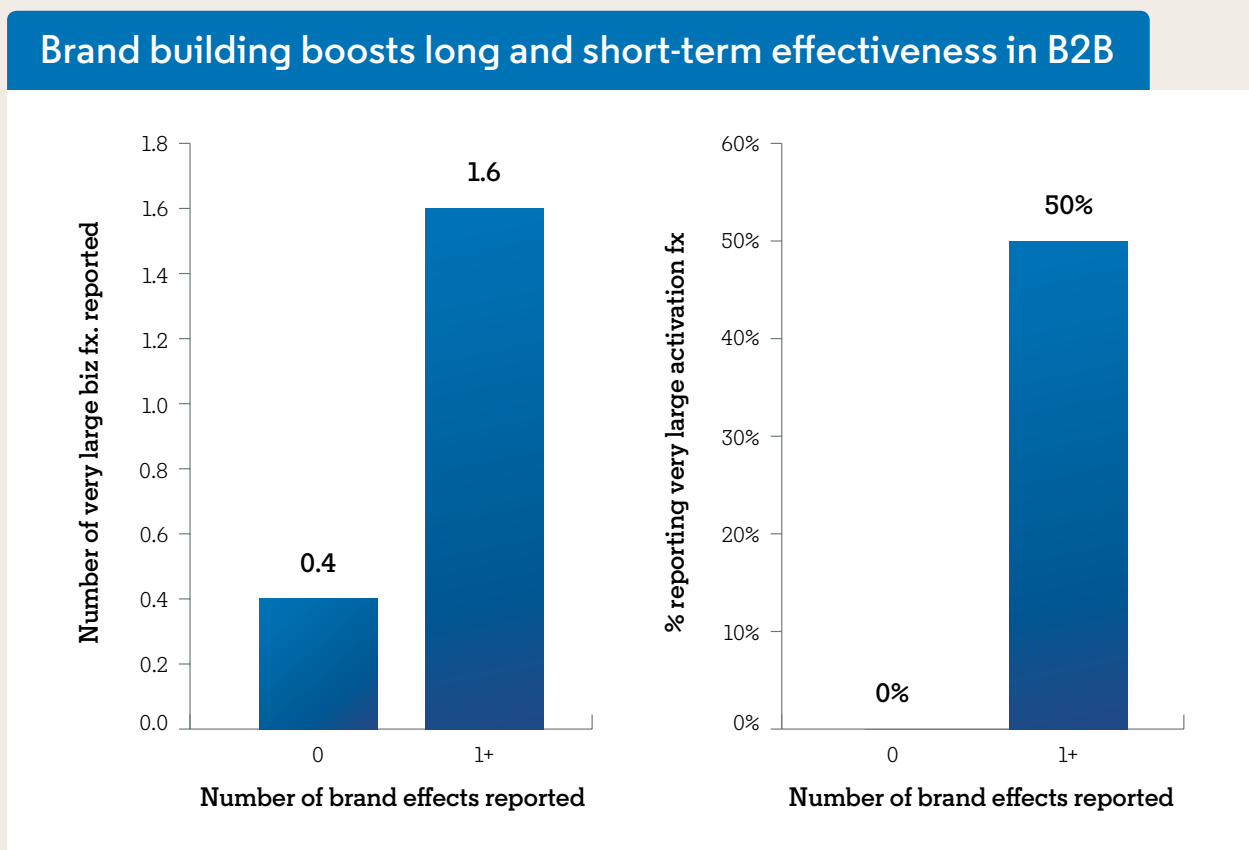


Figure 11. Source: IPA Databank, 1998-2018 B2B cases

Despite this evidence, many in B2B marketing will find the emotional route a difficult one to follow. The suggestion that businesses should invest in emotional campaigns is likely to cause nervousness for anyone wedded to the more commonly used approach of product/service features designed to communicate differentiation proof points. We are not suggesting that such differentiation messages have no role: they will form an essential part of the sales activation designed to work at the bottom of the sales funnel. But our data suggests that differentiation strategies are not very effective as top-of-funnel strategies; and therefore, they are weaker long-term growth drivers than emotional strategies. Consequently, we see a difference between the long-term effectiveness of rational and emotional campaigns in B2B (see Fig 12).



Figure 12. Source: IPA Databank, 1998-2018 B2B cases

Harness the Power of Emotion, continued

Across the body of B2B IPA effectiveness case studies, a number of different emotional strategies have been used. Often, they overlap, with more than one emotional ‘angle’ in play in a campaign. The following examples – by no means exhaustive – give some idea of the fertile emotional ground used by successful B2B brand advertising:

B2B Brand Advertising - Some Emotional Strategies

- *We have the human touch in a tech-obsessed world*
- *We understand that it's a tough world in business*
- *We empathise with the loneliness of the leader of a business*
- *Because we're an obvious choice, we're a safe choice for you*
- *We know the challenges of entrepreneurship, so we champion entrepreneurs*
- *Fear of missing out*
- *Etc.*

Included amongst these emotional campaigns are an elite group that achieved fame: they got talked about and shared. We showed a strong link earlier between fame as an objective and effectiveness, so it is not surprising that B2B fame campaigns outperform rational ones by an even greater margin — around 10x (see Fig 13).

Fame Strategies are Strongest in B2B

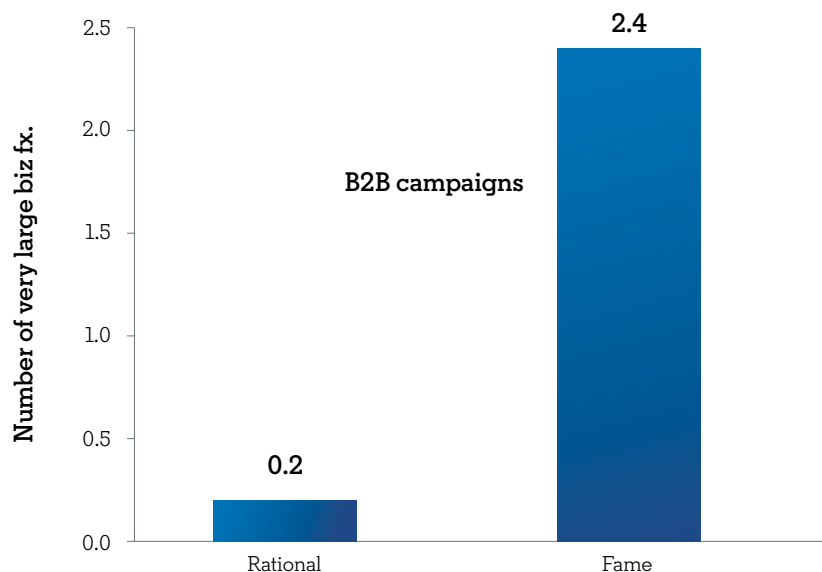


Figure 13. Source: IPA Databank, 1998-2018 B2B cases

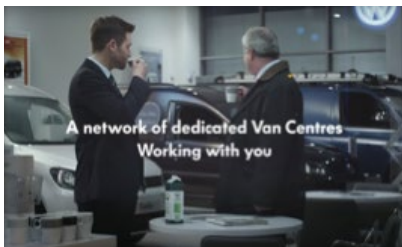
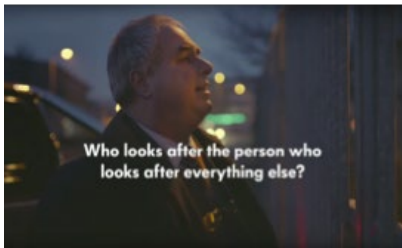
In B2C, the 60:40 rule means that **emotional priming is the dominant task**, rather than communicating rational activation messages

As we stated earlier, for maximum effectiveness, you need to employ both rational and emotional strategies. Long before they come to market, start priming potential buyers with emotional, ideally famous advertising. Then, when they come to buy, serve them with persuasive product messages that help to close the deal.

In B2C, the 60:40 rule means that emotional priming is the dominant task, rather than communicating rational activation messages. In B2B, the 46% brand : 54% activation optimum ratio suggests that rational activation messages come a bit more to the fore, although emotions still have a much more significant role than many would believe.

Emotions in B2B Advertising

Two case studies illustrate the power of emotional advertising in B2B markets. Although the first of these—for Volkswagen Commercial Vehicles—was targeted at SMEs, the second—for BT Business—was targeted at a very wide business audience from major enterprises to small start-ups.



VW Commercial Vehicles

From 2013 to 2015, Volkswagen Commercial Vehicles (VWCV) was pushing for aggressive growth in the UK, despite increased competition and a smaller ad budget. This required a radical change of strategy.

Research revealed that the biggest opportunity for growth lay with the owners of small to medium enterprises (SMEs), an audience that VWCV (like the rest of the industry) had tended to neglect.

Conventional, functional vehicle advertising simply wasn't compelling for these managers. They were putting blood, sweat and tears into building their businesses, without the resources and support of the bigger corporations. They cared about the functionality of their vans, but they wanted more. They wanted long-term support, advice and understanding.

So VWCV decided to reposition themselves from a manufacturer of vans to a service partner for these businesses. When everyone else was talking to drivers about product and performance, VWCV would speak to managers about service and partnership.

Emotion and empathy were central to the new strategy. To show that VWCV understood the challenges facing their new target audience, the “Working with You” campaign highlighted the dedication, passion and occasional sense of isolation that comes with running a smaller business.

This proved to be a hugely differentiating approach in a market obsessed with telling drivers about product features. Brand awareness increased by 30% and service perceptions improved, leading to the highest UK sales and market share in the company's 60-year history.

Econometrics shows that the new campaign was three times as efficient as previous advertising, with a financial payback of 11:1—a dramatic demonstration of the power of emotional advertising in B2B.

Figure 14. Working With You TV advert

BT Business

BT, once the UK's dominant national telecoms provider, faced a perfect storm of commercial pressures in 2015. Although many of these pressures were centred in their B2C market, they had severely impacted their marketing investment across the business; consideration levels amongst B2B prospects had reached all-time lows and revenue was in decline. The limited B2B advertising run at this time was very functional, focussing on technical capabilities and using technical language. It was incapable of arresting the decline.

Three key insights shaped BT's answer to this challenge:

1. Customer research in partnership with Google revealed that B2B buying decisions were in fact more emotional than rational and broadly in-line with B2C decisions.
2. The influence web on CIO and CTO decision makers was broadening to include CEOs and CFOs who lacked the technical grounding to appreciate technical product messages.
3. The BT brand image was seen in a negative light as 'corporate' and distant: not really interested in their customers.

BT's CMO, Zaid Al-Qassab, summed up the opportunity:

"The [B2C] campaign was all about human closeness and how communication brings people together. We realised, with all our technological advances, that this was something we'd drifted away from [in B2B], but something we wanted to get back to."

So an emotional B2B brand campaign was born: initially a set of four videos featuring touching true human stories involving public sector professionals expressing gratitude to other professionals using the medium of BT communications. Product advertising, delivering more functional messages but in a consistently human way, supported the emotional brand transformation.

Over the following year the campaign evolved more emotionally, with each subsequent video enjoying greater online view-through-rates. The B2B brand image and consideration strengthened considerably over a two-year period; market share stabilised. Cost-per-acquisition fell 17% and the campaign profit ROI reached 316%.

Those who doubt the value of brand building in B2B should note that econometric modelling revealed that 23% of media driven sales alone were driven by the brand campaign. The case study ends with some useful advice to B2B advertisers, in the shape of an internal message board at BT HQ ►



Summary

This report has demonstrated that a number of key growth drivers in B2C marketing also work for B2B businesses and by implication that there is much greater commonality in best practice across B2C and B2B sectors than is usually believed.

*The report identifies **five key principles** for effective B2B advertising* ■

1

Invest in share of voice

There is a strong relationship between market share growth and investment in advertising measured as 'share of voice'. The relationship is very similar to that observed in B2C, implying that advertising works just as hard in B2B as B2C.

2

Balance brand and activation

Advertising investment should be balanced between long-term brand building and short-term sales activation (e.g. lead generation). Investment in both is needed, but B2B appears require more activation than B2C, with an optimum of around 45% brand, 55% activation.

3

Expand your customer base

Long-term growth depends on expanding the customer base, rather than trying to sell more to existing customers. The implication of this is that communications should primarily be targeted *broadly* to new prospects and their influencers, although the data suggests that existing customers should also be targeted, to reinforce their choice.

4

Maximise mental availability

Campaigns that build 'mental availability' more strongly tend to be more effective. Mental availability is the extent to which the brand comes readily to mind in buying situations, triggered by a combination of high saliency and strong associations with the category.

5

Harness the power of emotion

Emotional campaigns (ones that try to make prospects feel more positively about the brand) are more effective in the long term than rational campaigns (ones that try to communicate information). The kinds of emotional approaches require will be very different in B2B from B2C, but the principle applies across both. This is because emotional campaigns are better at brand building. However, rational campaigns are better at short-term sales activation, so a balanced campaign will incorporate both.

Conclusion

The limited data that we have suggests that B2B marketing works in a very similar way to B2C. The ingredients for effectiveness – high share of voice, broad reach, high mental availability – are the same in both worlds. Both require broadly similar mixes of emotional brand building and rational activation. And both respond in very similar ways to changes in spend.

Of course, there will be quite a lot of variation within B2B, just as there is within B2C. SMEs probably behave differently to Enterprise customers. So businesses that sell to smaller customers will face different challenges to those that sell to large ones. Companies that sell to both consumers and businesses may be different again.

In reality, it shouldn't surprise us that B2B marketing seems to work in a very similar way to B2C marketing: after all, B2B buyers are people, too.

About the B2B Institute

The B2B Institute is a think tank funded by LinkedIn that researches how to accelerate growth in business-to-business relationships. Our initial focus is on B2B marketing, a large but ill-defined category. We partner with leading experts in academia and industry to study the impact of B2B brand building on marketing, product, sales, corporate communications and talent development.

Our mission is to identify the smartest minds in the B2B sector and collaborate with those experts to investigate how marketing can create more value. Our vision is to transform the B2B category by introducing entirely new strategies for growth that reach beyond tactical short-term thinking and across organizational silos. We believe that strong relationships are the foundation of growth for all business, and we want to help all types of companies create and strengthen those relationships.



About the IPA

The IPA is the UK's professional association for advertising. Incorporated by Royal Charter its role is to advance, the value, theory and practice of advertising, media and marketing communications; to promote best practice standards in these fields; and to ensure that the work it does will benefit the public, the wider business community and the national economy.

ipa.co.uk

EffWorks

EffWorks is a cross-industry long-term, global marketing effectiveness movement established by the IPA. Its ambition is to firmly position marketing as a route to profitable growth. It addresses the issues that impact on effectiveness and challenge the content and context of marketing outputs.

Effworks.co.uk

The IPA Effectiveness Databank

The IPA Effectiveness Databank represents the most rigorous examination of marketing communications in the world. Over the past 40 years of the IPA Effectiveness Awards the IPA has collected over 1,500 case studies and their associated data points leading to analysis into what makes the most effective communications activity. This has enabled the IPA to publish seminal works such as the Long and the Short of It; Media in Focus and Effectiveness in Context.

Glossary of Terms

Measure of Effectiveness

The most frequently used measures of effectiveness in previous reports are the various business effects: profit, sales, market share, penetration, loyalty and price sensitivity. Case study authors assess these measures on a four-point scale of magnitude: only top-box scores (i.e. 'very large') are used to identify high performers. These metrics are mostly measured over a period of at least a year and are therefore more indicative of long-term success. In our analysis they are often coalesced into one metric – the number of business effects, which represents a broad measure of effectiveness that is relatively independent of the particular objectives of the campaign. This metric correlates closely with reported profit growth, making it a particularly useful measure of effectiveness. It also correlates with the extra share of voice (ESOV) efficiency, so this metric has a very broad usefulness.

The most important measure of effectiveness in the short term is 'activation' effects: typically, in recent years, these are online direct responses (transactional or intermediate) and their telephone or coupon equivalents in earlier periods. Again, only top-box scores are used to identify high performers. This metric is contrasted in previous reports with measures of long-term success to reveal factors that are short term or long term in nature.

Measures of Growth

In addition to the sales and share growth standardised metrics discussed above, the data also records the absolute level of share growth reported. As well as being used to determine ESOV efficiency (see below), this metric is sometimes used as a quantified measure of growth.

Measures of Efficiency

When comparing subgroups of campaigns with differing relative budget levels, it is clearly important to take budget into account. Previous research has shown that share of voice (SOV) is a more relevant measure than absolute spend. An even better measure is the difference between SOV and market share, referred to in previous reports as 'extra share of voice' (ESOV). ESOV is an important determinant of how fast a brand can grow. In previous reports it will be shown that this relationship between share growth and ESOV is still important.

The primary efficiency metric used here is the annualised share growth per 10 points of ESOV. This eliminates the cumulative effects of long-term campaigns, providing a level playing field on which to compare campaigns with different durations.

Also used is ROMI (return on marketing investment), which reports the incremental profit net of marketing costs expressed as a ratio of those marketing costs. The dangers of this metric as a KPI are discussed at length later in previous reports, but the metric is nevertheless useful as a financial efficiency metric.

Measure of Campaign Duration

Campaign duration is a key factor in the nature and scale of campaign outcomes, so it is an important metric in previous reports. Long-term cases are those that were evaluated over periods of longer than six months. This is not an arbitrary period: analysis reported in *The Long and the Short of It* demonstrated how long-term advertising effects on sales uplifts only start to dominate short-term effects after six months. That is to say brand building takes over as the primary driver of growth from sales activation after six months.

Measures of Brand Strengthening

These consist of seven different metrics:

1. Awareness
2. Image
3. Differentiation
4. Fame
5. Commitment
6. Trust
7. Esteem

These are reported by campaign authors using the same scale as for business metrics. Again in our analysis, they are often coalesced into one metric – the number of brand effects – which represents a broad measure of brand strengthening that is relatively independent of the particular objectives of the campaign.