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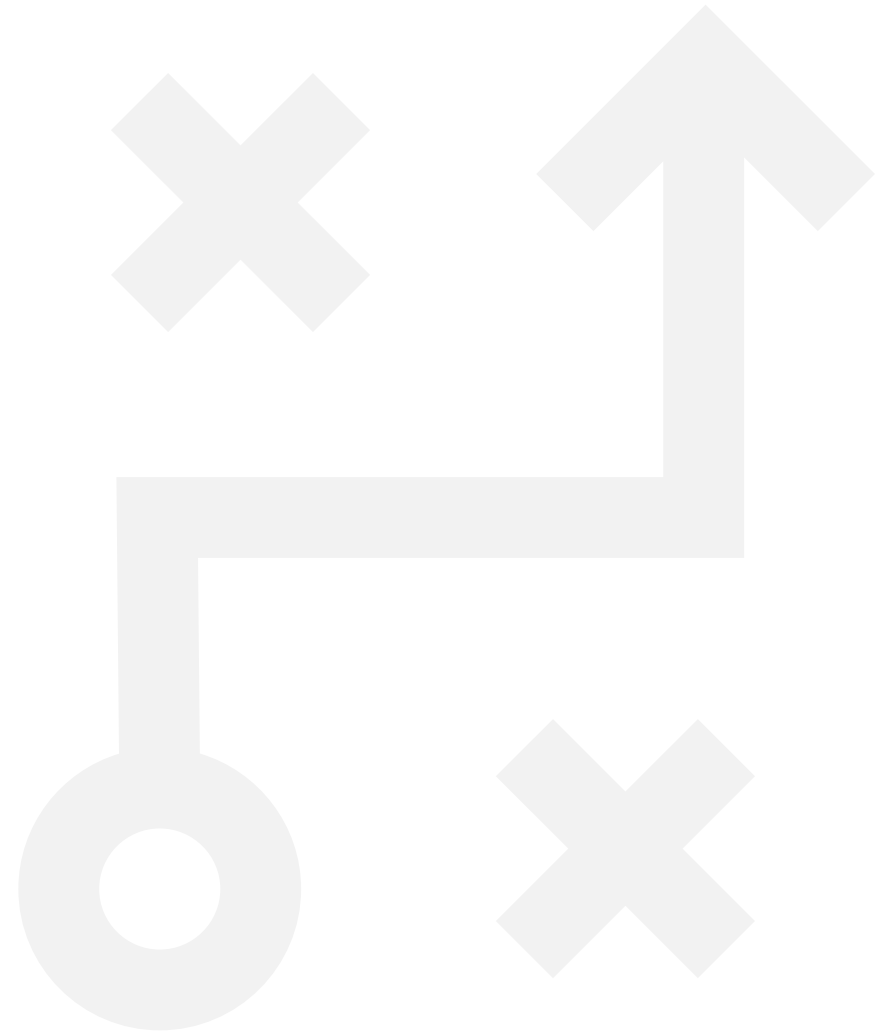
Gartner for Marketers

Elevate the Role of B2B Marketing in Account Growth

Marketing Research Team



Chief marketing officers at B2B organizations often fail to attain annual account growth targets despite opportunity for sales growth with existing customers. This research will help B2B CMOs drive sales growth through existing customer accounts.



Overview

To achieve ambitious corporate growth targets, B2B CMOs must unlock growth from existing customer accounts. Not only is account growth more profitable than net new customer acquisition, it is also more important to protect and grow amid the challenging market dynamics that B2B companies face today.

This research will help B2B CMOs:

- Determine what drives high-quality account growth purchases (i.e., additional sales to an existing customer organization).
- Focus on the tactics most likely to generate and capture account growth opportunities.

Key Findings

- Despite opportunities for account growth, B2B CMOs struggle to attain their annual account growth targets.
- Customer satisfaction is closely associated with repurchase but does not predict account growth.
- Customers' decision confidence (or their belief and feeling of affirmation that they are exercising sound judgment) drives high-quality account growth because buyers perceive growth decisions as risky organizational change and require more than satisfaction to move forward.
- Marketing can boost customers' decision confidence by building content, messaging and tools that help customers drive the organizational change needed to get full value from their purchases.

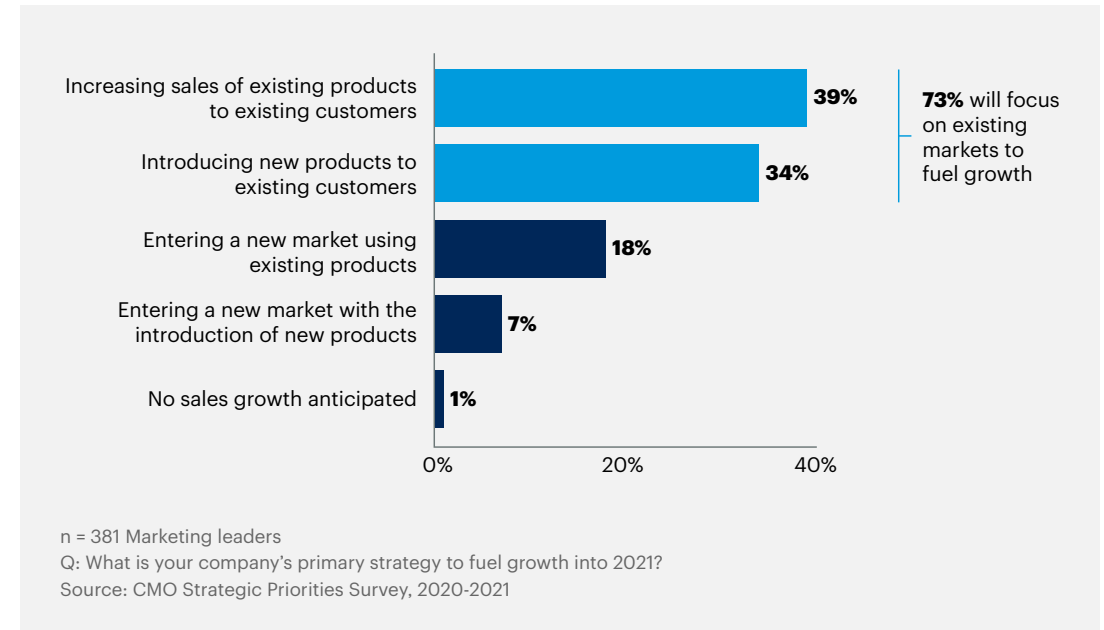
Growing Existing Customer Accounts

B2B CMOs are increasingly focused on growing existing customer accounts — for example, by convincing customers to upgrade to new technology, purchase additional products and services, or expand product usage to new business units or geographies.

Across industries and market dynamics, B2B CMOs report that it is more profitable to sell to existing customers than to acquire new ones. The COVID-19 pandemic has sharpened marketers’ strategic focus on growing their existing customer base, as opposed to penetrating new markets.

As customer buying behavior increasingly shifts toward digital channels, so does the relative importance of marketing in driving account growth. Commercial leaders are turning to marketing to help grow underpenetrated accounts and hit revenue growth targets in a more cost-efficient way.

Figure 1: CMOs’ Primary Strategy to Fuel Growth Into 2021



Fueling the Growth Engine

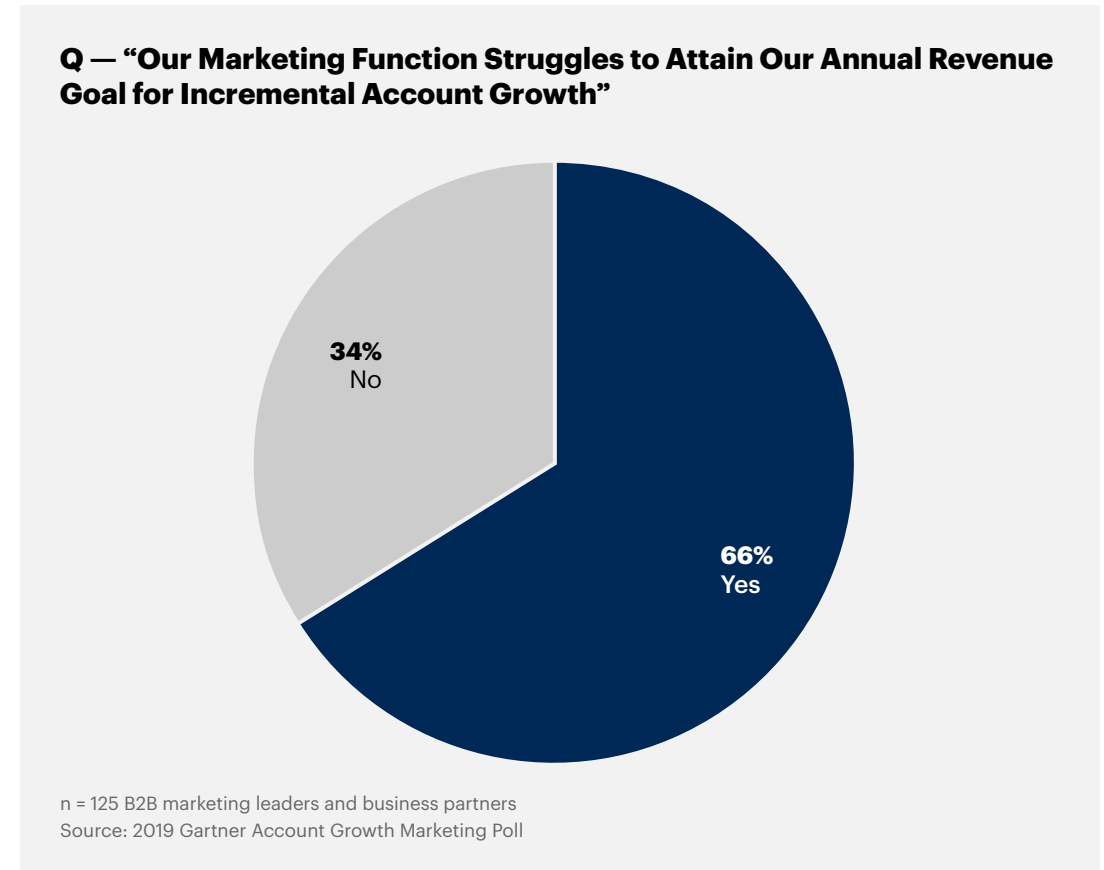
Most B2B CMOs invest in creating an engaging, highly satisfying customer experience to drive both growth and retention of existing customers. For example, many leaders are:

Investing in customer journey mapping and redesigning digital channels to remove points of service friction to create a seamless, multichannel experience.

Maintaining their traditional focus on thought leadership and sales support to drive engagement and, ultimately, sales conversions.

Despite opportunities for account growth among their customers, most B2B commercial leaders report that their marketing function struggles to attain annual account growth targets (see Figure 2). When growth fails to materialize, marketing is pulled away from strategic initiatives and into a reactive, firefighting mode — battling for growth account by account rather than developing more scalable tactics.

Figure 2: Difficulty of Attaining Annual Account Growth Targets



Driving High-Quality Growth

To understand what drives high-quality account growth and how marketing can best contribute to this outcome, we surveyed 1,100 B2B customers who recently considered continuing or expanding their relationship with an existing supplier. Based on a factor analysis of customer perceptions, we tested three potential drivers of high-quality account growth:

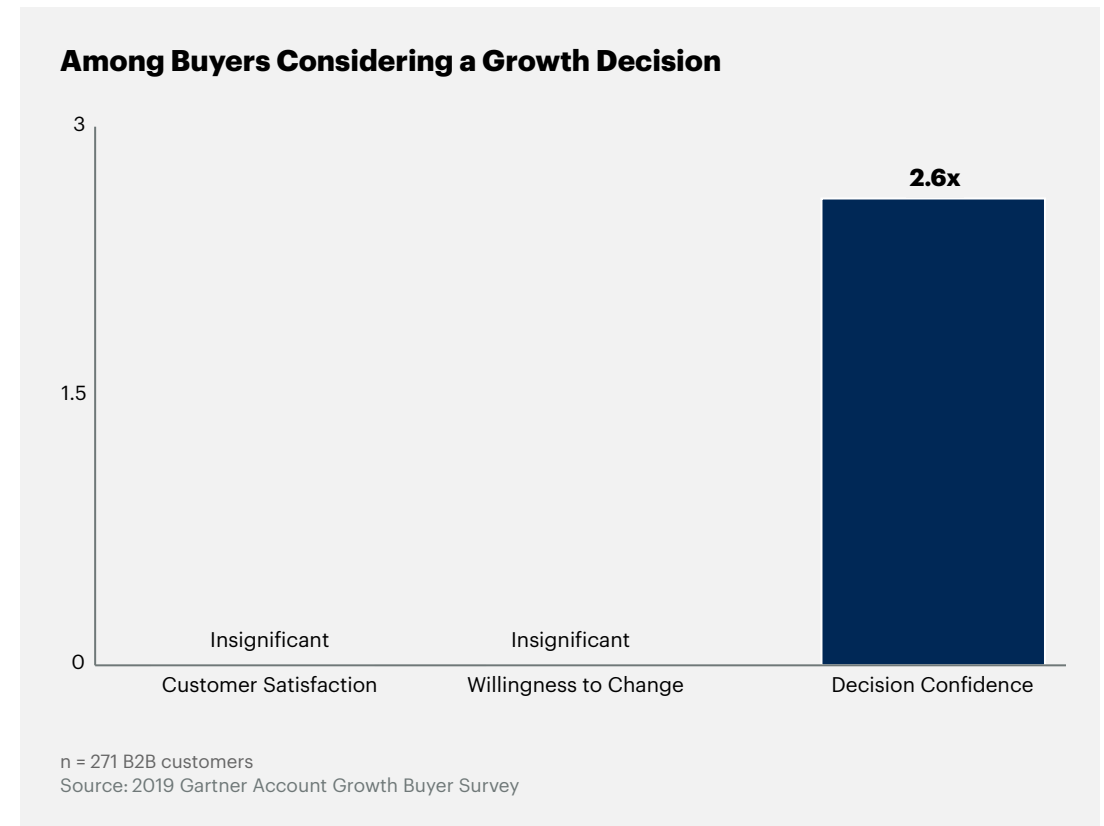
Customer satisfaction — Customer happiness with past and ongoing experiences with an existing supplier

Willingness to change — Buyers' motivation to make a purchase requiring organizational change

Decision confidence — The belief and feeling of affirmation that the buying group is exercising sound judgment

Our research found that decision confidence increases the likelihood of a high-quality account growth decision by 2.6 times. However, neither customer satisfaction nor willingness to change is a significant predictor of high-quality account growth (see Figure 3).

Figure 3: Impact on Likelihood of a High-Quality Account Growth Purchase

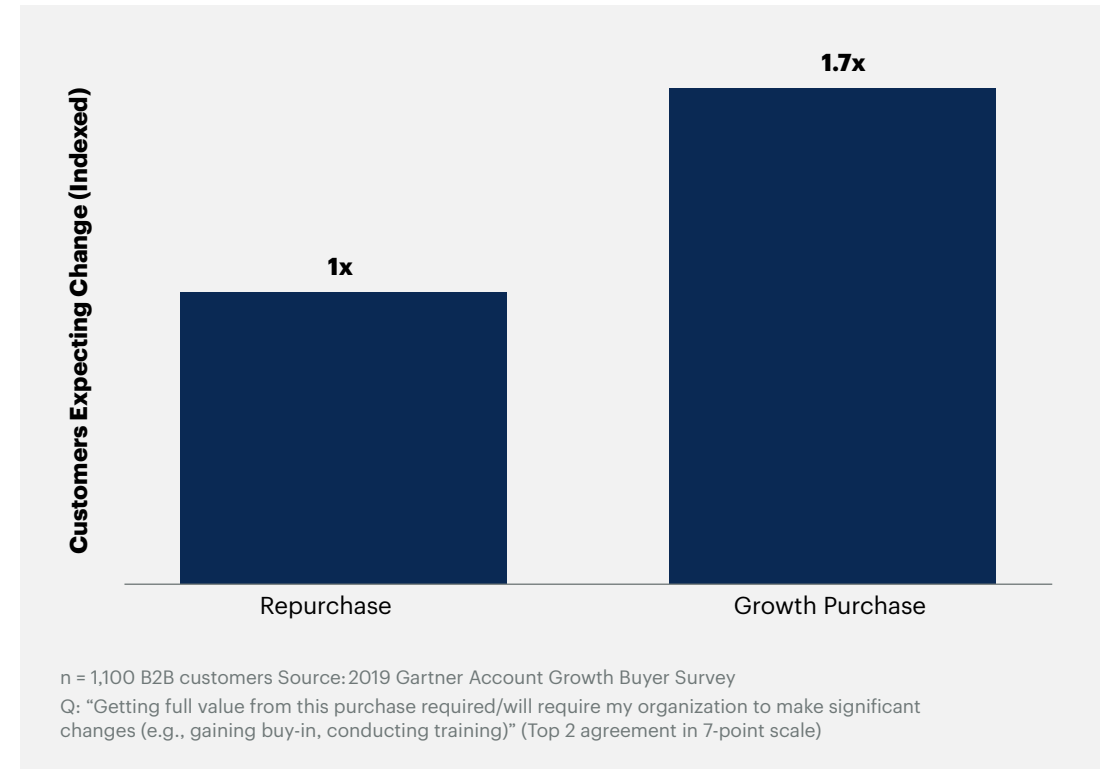


Growth Requires Change

While customer satisfaction does double the likelihood of repurchase, it has no effect on account growth. At the heart of these results is an important distinction between repurchase versus growth from the customer's perspective.

A repurchase is a continuation of past decisions and essentially a choice for the status quo. On the other hand, a growth decision represents organizational change — often requiring new capabilities, different processes, a new set of stakeholders and unanticipated complexity. B2B customers are 70% more likely to say that a growth purchase requires significant organizational change compared to a repurchase decision (see Figure 4).

Figure 4: Change Expectations by Type of Purchase Decision



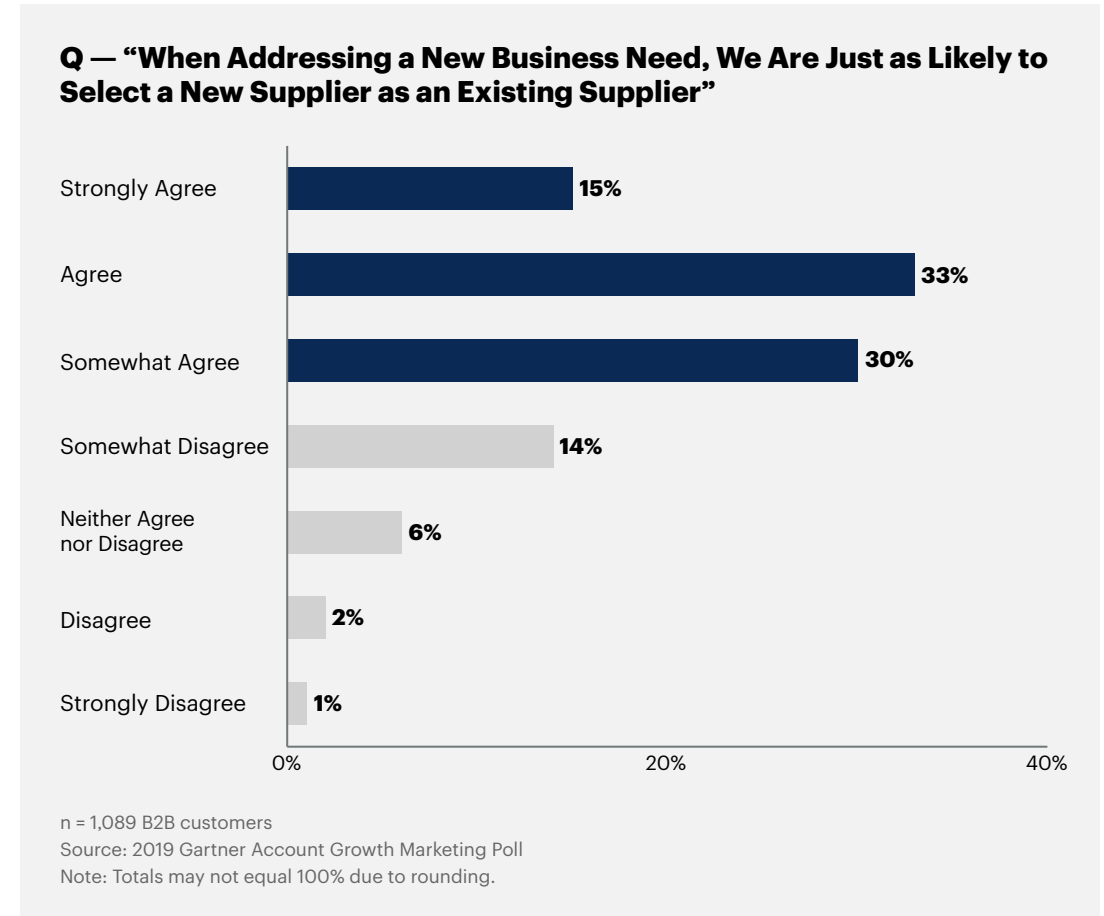
Most companies avoid change because it is hard, unknown, risky and disruptive. Whether or not customers choose to embrace change has little to do with how satisfied they feel with their supplier company and everything to do with how they perceive their own company's needs and readiness for a different approach. Therefore, a better way to encourage customers to grow their business is to motivate them to change, instead of focusing on making them happy with what's been done in the past.

Willingness Is Insufficient

While high willingness to change is necessary for account growth, alone it is insufficient for two reasons. First, customers may be willing but unable to change. Nearly 70% of B2B customers feel overloaded with organizational complexity, facing roadblocks like unclear decision making and conflicting priorities. Customers can be convinced to make changes as individuals but may give up once they consider the difficulty of aligning diverse stakeholders and perspectives.

The second reason is that customers who are willing to change are often open to switching suppliers. Over three-quarters of B2B customers report that, when addressing a new business need, they are just as likely to choose a new supplier as stay with an existing one (see Figure 5).

Figure 5: Likelihood of Selecting New or Existing Supplier for New Business



Driving account growth requires balancing two competing dynamics. Incumbent suppliers have to overcome organizational inertia and move customers from motivation to action while simultaneously ensuring customers don't get swept up in the momentum to do something different, losing the account completely. Decision confidence ensures that customers are not only willing and able to change but also more likely to do so with their existing supplier.

Decision Confidence Boosters

Once we isolated decision confidence as the key driver of account growth, we identified the specific supplier tactics most likely to increase that confidence over time. We found three statistically distinct and especially effective types of supplier tactics for boosting customers' decision confidence during an account growth decision, all of which marketing can support:

Integration support — Advice and tools for integrating a product/service into the customer organization's workflows

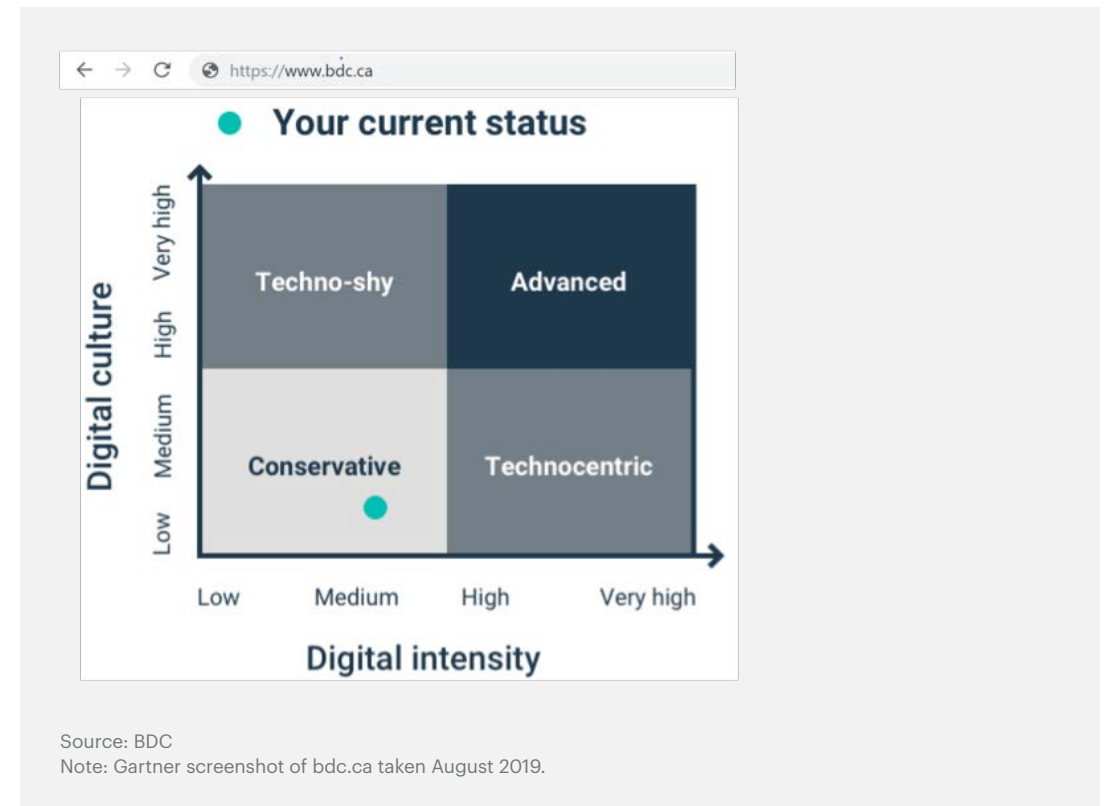
Buyer enablement — Information that helps buyers advance their purchase process

Customer improvement and affirmation — Proactive, ongoing guidance to help customers identify and pursue their goals

B2B CMOs can boost customers' decision confidence using a variety of channels and content types, such as interactive web content, outbound email campaigns, account management tools, onboarding messaging, customer webinars and customer testimonials.

For example, B2B company BDC's digital maturity assessment tool provides customer improvement and affirmation by helping entrepreneurs evaluate whether they should invest in increased digital capabilities (see Figure 6). Peer benchmarks affirm the decision to initiate change by showing what other companies are doing.

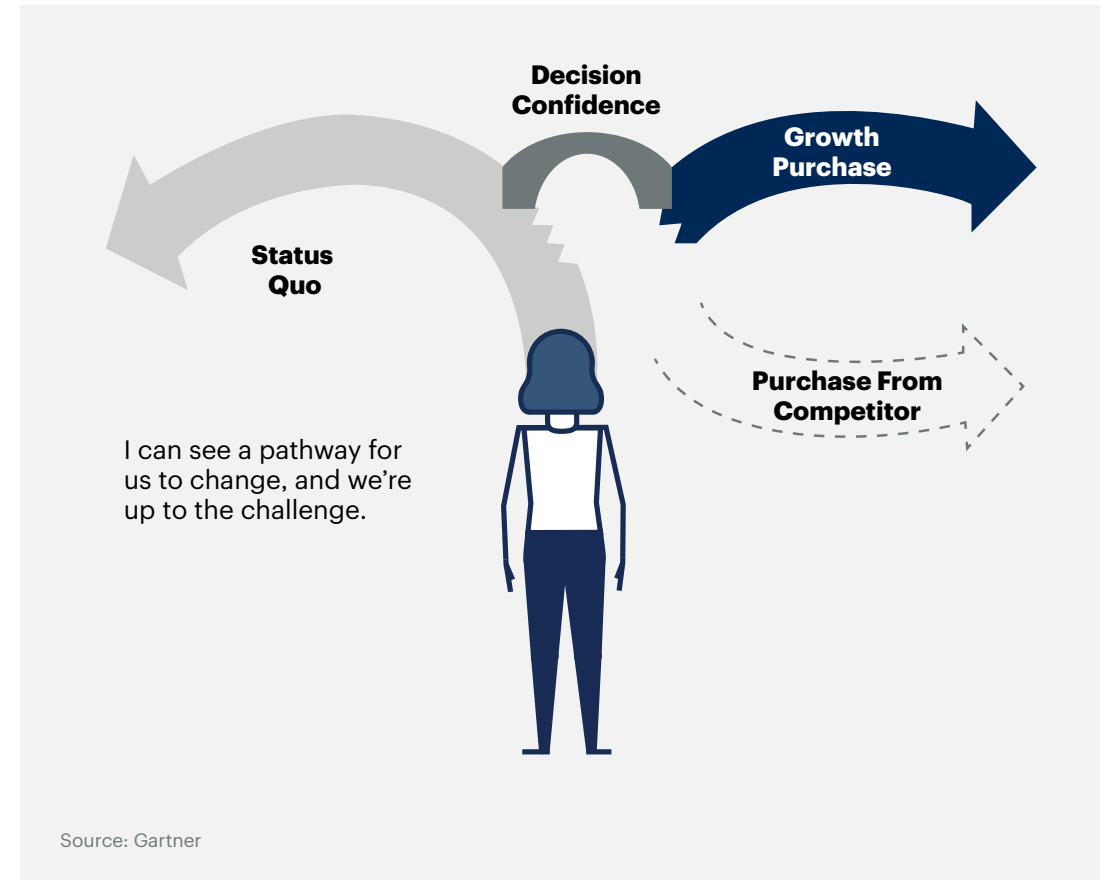
Figure 6: BDC's Digital Maturity Assessment Benchmark Tool



Why Decision Confidence Works

Decision confidence works because it builds a bridge from the status quo to change, helping customers feel capable of overcoming challenges as they believe in themselves, their logic, their process and their decision-making skills. Customers assign huge value to feeling more confident — and because customers are accustomed to engaging in a value exchange with companies, they repay confidence with incremental business (see Figure 7).

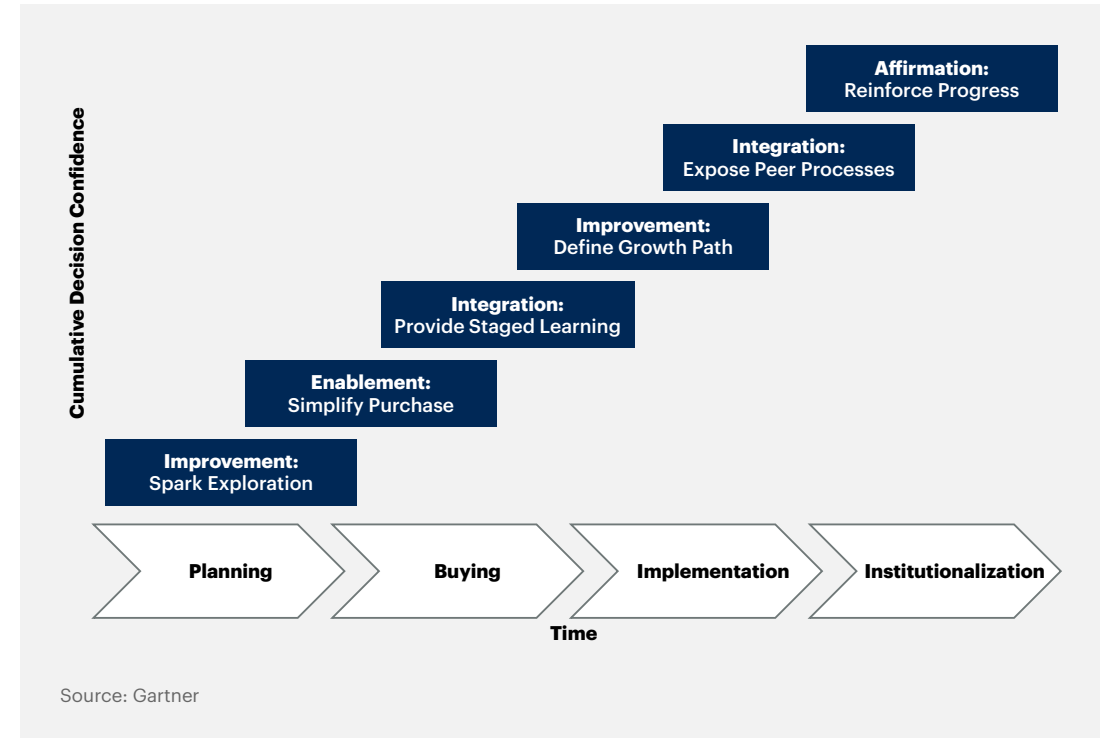
Figure 7: Outcome of High Decision Confidence



Of course, competitors can also provide decision confidence and be rewarded for it. Compared to competitors, incumbent suppliers simply have a larger window of opportunity to directly observe and then influence the way customers consider possible changes and their own abilities to make sound decisions that lead to productive change.

Customers go on a journey of change, from planning the change and making purchases to support it to executing and ultimately institutionalizing the change into how they work. For every stage of change, there are best-fit confidence-boosting messages that help customers feel inspired and capable of driving change, leading to incremental purchases. For example, when customers are planning a change, marketing can spark exploration of customers’ changing needs and potential ways to fulfill them. Later on, as customers are implementing the change, marketing can define a sequential growth path to progressively build customers’ capabilities (see Figure 8).

Figure 8: Sequence of Supplier Messages That Boosts Decision Confidence

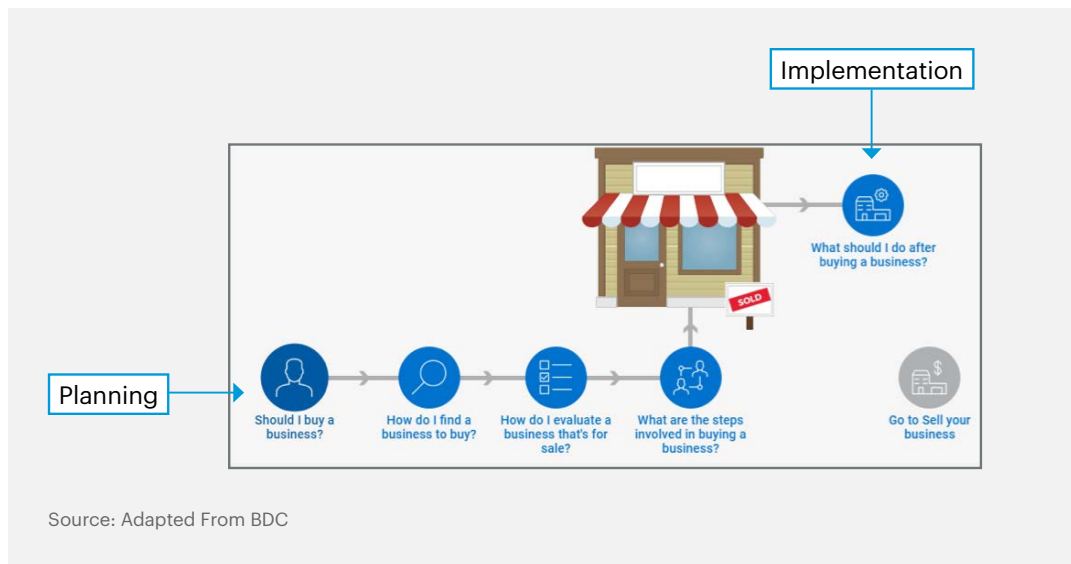


When B2B CMOs recalibrate the scope of their role from “helping customers buy” to “helping customers change,” the entire customer life cycle becomes an opportunity for confidence creation as customers move from one change journey to the next.

Increasing Decision Confidence

Boosting customers’ decision confidence over time requires marketing to develop a content ecosystem attuned to helping customers drive organizational change.

Figure 9: BDC’s Approach to Helping Customers Through Change




Case in Point: BDC

BDC has woven its confidence-boosting content together into a broader system that helps customers sustain a particular change and then anticipate the next one. BDC designed this initiative to better connect current customers to BDC’s broader range of additional offerings. Rather than mapping the buying journey, BDC has mapped out customers’ long-term change journeys, identifying the step-by-step tasks a typical customer moves through to make an organizational change happen. It follows up with content to support and nudge them along that journey.

For example, one such change journey is a customer’s decision to acquire a business. BDC has roadmapped the key questions customers will have to answer as they consider and pursue that particular change. Figure 9 is an example of a change-based journey available on BDC’s website. By clicking on any of the blue circles in this journey, customers can access helpful tools, self-assessments, advice and peer stories that give them clarity and build their confidence. In the two years since implementation, BDC has seen a massive increase in organic traffic to its website and an increase in average loan size.

In addition to building confidence-boosting content, marketing must also coordinate across the commercial organization to identify customers with changing needs and efficiently capture growth opportunities.



Dynamic Signal

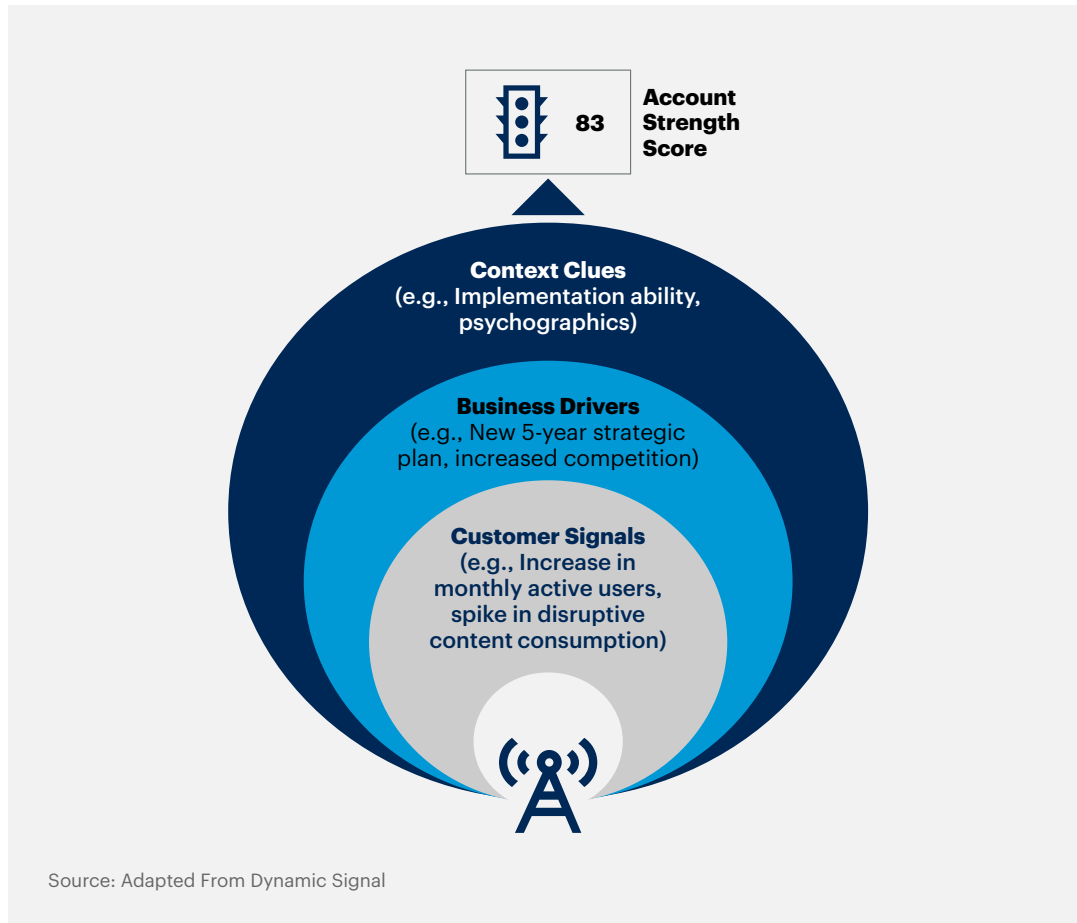
Case in Point: Dynamic Signal

Dynamic Signal has developed an account strength index that senses customers' changing needs. The index originated when the marketing team recognized the need to shift away from ad hoc, intervention-based account reviews focused on reducing customer churn and fostering a more streamlined and holistic approach to understanding account strength. Dynamic Signal followed a four-step process to develop and implement the account strength index: enable data collection and discovery, synthesize customer information, validate results, and activate insights.

Dynamic Signal's account strength index provides a holistic view of the customer by combining objective and judgment-based indicators in a single index. Critically, marketing prioritizes a target set of data designed to detect changes in customers' behaviors, business environment and organizational context (see Figure 10). These change-focused indicators work together to reveal customers with new and often unmet needs, whose evolving environments create receptivity to different product or service solutions.

With the account strength index in operation for less than a year, Dynamic Signal identified over 40% of its account growth leads using the index. Additionally, observations from Dynamic Signal's marketing and sales leaders demonstrated the companywide impact the index was making by streamlining strategic account planning efforts to prioritize customized approaches for accounts with the most growth opportunities.

Figure 10: Amplifying Customer Signals With Account Representatives' Judgment-Based Inputs



Conclusion

Our research found that repurchasing and account growth each follow very different paths, each with its own risk profile and decision-making process. Repurchasing is more closely associated with customer satisfaction and comfort with the status quo. On the other hand, decision confidence makes customers feel capable of change, motivating and enabling them to go on a change journey leading to high-quality account growth. Marketing can boost customers' decision confidence by providing iterative, ongoing inspiration and tools in the form of content, messaging and sales support that help customers prepare for and drive organizational change.

Recommendations

B2B CMOs responsible for account growth should:

- Map strategically important customers' change-oriented journeys (e.g., multiyear strategic challenges) to identify and design support for change-related tasks.
- Observe indicators of organizational change using customer data, collected via online self-assessments, feedback surveys and input from account representatives, to target change-ready customers.
- Prioritize content creation and adaptation to boost customers' decision confidence during key change-related tasks and potential stall points.

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