

ATLANTA BUSINESS CHRONICLE

Why B2B sales incentives should be part of your pre-market planning

STEVE DAMEROW

When people think of incentives, they often think of employee incentives for tenure or promotions to increase sales. Seldom do people think of incentives influencing the sales decisions through a business-to-business (B2B) distribution channel.

But the fundamental purpose of incentives remains the same no matter what the context: to influence people to take certain actions. And people respond to “what’s in it for them,” whether they are employees, customers, or part of the B2B distribution. According to the Department of Commerce, B2B spending is roughly twice that of B2C spending. So it’s time for B2B incentives to take a page from B2C customer loyalty programs and promote B2B advocacy selling.

Why Is B2B advocacy marketing important?

Advocacy marketing is the ultimate sales tool because people are more likely to follow through on a purchase if someone they respect has positively reviewed that item or service.

According to a Nielsen survey, most people (77 percent) say “word-of-mouth advice... is the most persuasive source of new product information.”

When someone feels so strongly about their connection with a product or service that they go out of their way to sell it for you, that’s advocacy marketing, and you have now reached marketing nirvana. Advocacy marketing keeps buyers engaged and involved, which is essential in today’s stagnant economy. The amount of information and opinions readily available to today’s buyers means that it’s hard to influence their decisions with traditional advertising. A solid business value proposition, while essential, just doesn’t stand out anymore. This is true for B2B and B2C companies alike, since all buyers are using Internet to inform their choices.

According to a study recently conducted by Google and Corporate Executive Board (CEB), “A greater proportion of B2B customers are emotionally attached to the brand they purchased than B2C consumers are.”

Their research revealed that that business value



(functional benefits, business outcomes, etc.) had only a 21.4 percent impact on perceived brand benefits, while personal value (career advancement, self-image, emotional and social benefits) had a 42.6 percent impact.

The value of engaged, advocate customers is immense. Incentive program provider Loyaltyworks has found that their clients average 40 percent more business when customers are engaged.

How can incentive programs be used as an advocacy marketing tactic?

In the past, advocacy marketing through incentive programs was not possible because companies didn’t have a constant, direct link to program participants. But connective technology such as smartphones drastically reduces the lag times and increases the effectiveness of incentive programs.

A recent study conducted by Kleiner, Perkins, Caufield and Byers (KPCB) showed that the aver-

age person looks at their smartphone 150 times a day. If you can utilize the smartphone for product training, surveys, testimonials and product reviews, you can generate greater and more meaningful buzz than traditional print and paid online channels provided – at a much lower cost.

Incentive program participants spare two or three minutes to fill out a survey, submit a testimonial or send a sales invoice and instantly receive digital reward points. Those points can then be redeemed for items in a custom-branded, online and mobile reward catalog that combines the user experience akin to Amazon, Expedia and StubHub all into one!

This accelerated process means the reward is more meaningful and gratifying to the program participant. As a recent psychological study published by the National Center for Biotechnology Information stated, “The subjective value of reward decreases with increasing delay to its receipt.”

In a stale economy crowded with mature product life cycle suppliers and a GDP growth that’s been limping along at 2 percent for the past 10 years, companies must rely on stealing market share from competitors in order to achieve sales growth. The best way to do that is by encouraging advocacy marketing cultures that are both meaningful and beneficial to customers, resulting in a true community of partners.

Using smartphone-ready incentive programs allows you to create a culture of two-way communication and engagement on an immediate basis with the very people that affect the sale.

Many people think incentive programs are still like the old S&H Green Stamps their grandmothers used to collect. But today’s responsive incentive programs use connective technology, placing access to rewards directly on decision-makers’ smartphones and drastically reducing the delay in reward gratification. For this reason, today’s incentive programs can be wielded as powerful B2B advocacy marketing tools.

Steve Damerow is CEO of Atlanta-based Incentive Solutions (www.incentivesolutions.com). He is a published author and frequently lectures on the use of B2B incentives, CRM and loyalty programs to further client and employee engagement.