

# B2B Customer References in the Social Media Environment

*Community size and growth—coupled with the speed of information flow—makes proactive reputation management critical in today's business environment*

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## Executive Summary

The way we're communicating is being revolutionized. In a matter of just a few years, communication models we've known for generations—from newspapers to landline telephones—are struggling to survive. One-way communication is disappearing. People want a conversation, not a lecture. As a result, reputation management—including the ability to quickly and accurately access and manage customer references—is more important than ever.

Much of the market is still trying to understand the impact that social media is having on the business-to-business (B2B) space. It is our belief that the size and growth of social media participation, coupled with light-speed information transfer, makes it critical for companies of all sizes to organize the many tools used in the traditional sales process (e.g., a well-organized customer reference program) to allow for timely participation in today's marketplace. Such organization will provide the base for a well-managed social media program to help effectively utilize customer references. These references will prove to be invaluable for proactively providing information to potential customers and responding to—or more importantly, having your customers respond to—negative comments online.

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There's an old saying in sales: people don't buy from companies—people buy from people. The rapid and continuing growth of today's online social media networks means people—whether acting as individuals or on behalf of a company—are talking more than ever and those conversations are often public and searchable. New research confirms that significant conversations are taking place regarding business relationships, companies, their products and related areas such as customer service.

There's little argument of the importance of social media in today's business-to-consumer (B2C) marketplace, but some skepticism continues related to whether social media can have as great an impact in the B2B space. The question is simple: are corporate buyers influenced by the online conversation in a similar way to today's

consumers? The answer is “yes,” and working toward building a robust network through participation in the online conversation can assist companies in leveraging customer references, which can in turn help generate sales.

### What is Social Media?

Too often, those less familiar with the social media space think of a limited number of high-profile communities—Facebook or Twitter, for example—as the definition of the complete social media landscape. In fact, social media is made up of thousands of online communities woven together between millions of independent sites. In addition to the appeal of sheer numbers, social media can be a powerful tool for customer references because of two elements:

1. The ability for anyone to converse and have a voice, which can appear on even the most highly visited sites on the Internet
2. The ease with which new, niche communities can be formed, become active and be influential.

With millions of Internet users participating in various social networking communities in ever-growing numbers, the opportunity for proactive B2B customer communication is important, real and rapidly growing. (*Please see Appendix A for categories and definitions of online social media communities.*) Additionally, the need to “listen” for questions or criticisms and be ready at a moment’s notice with relevant communications and authentic customer insights will continue to rise for companies in both the B2C and B2B spaces.

### Preparation in the B2B Market

It is our opinion that the continued growth of social media underscores the need for a customer reference program for all businesses. Research confirms that people are looking for references from a “person like me” (see below). Companies should not leave finding such perspectives up to the search capabilities of their potential customers, and they should also manage what is found when a search is conducted. Companies without formal customer reference programs should launch them, and companies with customer reference programs must manage them with greater accuracy and discipline than ever before.

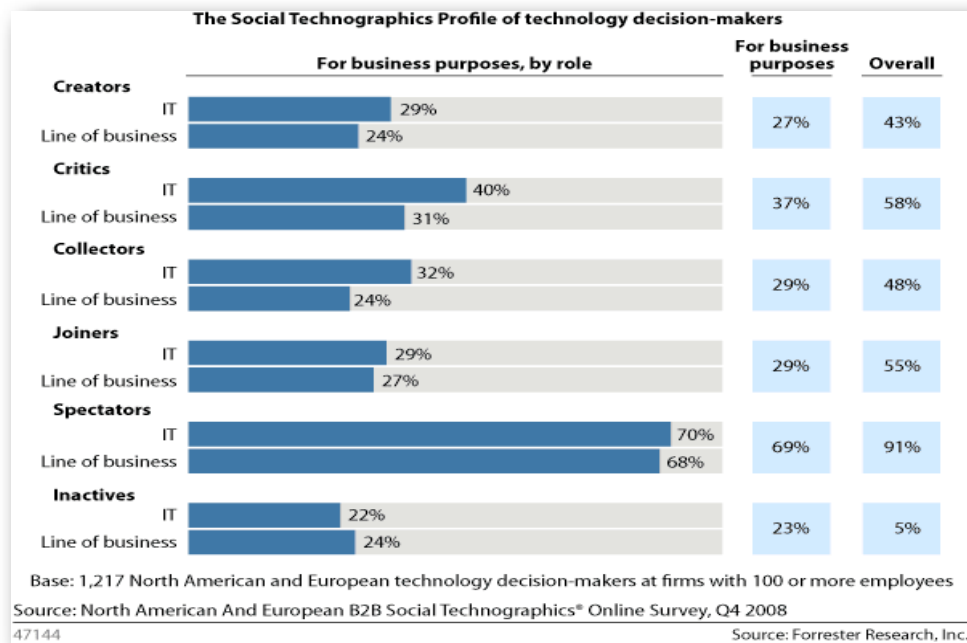
A key point in managing online reputation and both solicited and unsolicited references and criticisms is to fully recognize and understand the speed at which information can now travel to large numbers of people. Fortunately, these lightning-speed channels are public, and smart companies can proactively monitor and track the stated opinions and recommendations and—perhaps even more importantly—have a plan for responding, developed in advance of finding either an issue or an opportunity. Because of the speed of the information travel, a timely response cannot be effectively developed *after* a situation arises online, and the likelihood of successful communication management diminishes rapidly with each passing hour.

More than half—53 percent—of B2B marketing executives surveyed by *BtoB Magazine* in October 2007 said their company has undergone a crisis that resulted in negative media coverage or a decline in sales or profitability. Nevertheless, a majority (57 percent) of those marketing executives who had experienced a crisis admitted their company still has no crisis-response plan prepared. Such a plan should include a number of elements to be discussed later in this paper.

Furthering the notion that social media impacts B2B marketing is a Forrester study from February of 2009. Some highlights from this research include:

- 91 percent of B2B decision-makers consume social media including blogs, video and business reviews.
- 55 percent of the B2B buyers in this survey are “Joiners”—meaning they’ve created profiles on social networks.
- Perhaps most important, after “Spectators,” the most popular role is “Critics.” These are people who leave comments on blogs, review products, etc. Fifty-eight percent of those sampled engage in this activity, and 37 percent refer to online comments for business purposes.

The following illustration summarizes the findings of the study:



A second study, from January 2009, also indicates social media plays an important role in B2B marketing communications. Hill & Knowlton's "Tech Decision Maker" study pointed to social media having a strong influence on corporate buyers in the technology space. "Tech decision makers give user-generated sites equal importance to traditional media sources when considering tech purchases. Decision makers consider their personal experience (58 percent) first when short-listing tech vendors, *followed by word-of-mouth and industry analyst reports, tied at 51 percent*. Advertising (17 percent) and direct marketing (21 percent) were listed as the least important information sources when short-listing possible vendors," the study said.

Finally, the Edelman Trust Barometer, an annual survey first launched in 1999, measures levels of trust on specific themes each year. This year's survey results, when coupled with the focus of the 2007 survey, begin to illustrate a roadmap for using social media in the B2B space. This year's survey points to the need for consistent communication and the establishment of trust by all companies with three of the top five responses:

***How important is each of the following factors to the overall reputation of the company?***

Offers high-quality products or services	94%
Is a company that treats its employees well	93%
<b><i>Communicates frequently and honestly on the state of the business</i></b>	<b>91%</b>
<b><i>Is a company I trust</i></b>	<b>91%</b>
<b><i>Gives value for the money</i></b>	<b>91%</b>
Stays within the spirit and the letter of the law in (country):	90%
Has a strong financial future	90%
Has senior leadership that can be trusted	89%
Has a strong commitment to protect the environment	87%
Is an innovator of new products, services or ideas	87%
Creates and keeps jobs in my area	86%
Commits time, money and resources to the greater public good	85%

One of the most important points of the 2007 survey was that a "person like me" was rated as the single most trusted source for information about a company and, therefore, related products. Clearly, consistent communication reinforcing a company's status as worthy of trust is key. The most trusted source for that information? A person like me: in the case of a B2B sales situation, that would be a customer. Because of the near-immediacy of the communications taking place in the social media environment, companies need to have a way to quickly and systematically access customer references. Managing references in such a unified and easily accessible way will increase the likelihood of being able to efficiently take advantage of opportunities presented through social media.

### B2B Companies Using Social Media

The impact of social media in the B2C space has been widely covered and discussed. Research, such as the studies above, is pointing to the ability for B2B companies to take advantage of the online conversation, and several examples of positive results from well-planned programs are beginning to emerge. For example:

- Sun Microsystems wanted to cultivate its relationship with system administrators (sysadmins) that work for companies using Sun products. Sysadmins keep company networks, systems and PCs going, but they are notoriously difficult to communicate with. They also tend not to respond to corporate branded marketing, preferring to find out things for themselves. Sun designed a campaign to encourage sysadmins to interact with the Sun Web site, asking them to register as a "System Hero," upload a personal profile and start blogging on the site. To date, 133 sysadmins have registered with the site and eight are now actively blogging.
- Radian6, which provides online monitoring to corporations and communications agencies, saves all positive "tweets" (the term for a message on Twitter, a microblogging site and currently one of the fastest growing social networks) as favorites. When sales representatives are asked by prospective clients what others are saying about them, they can simply—and instantly—refer the potential client to a URL with a list of hundreds of positive comments (<http://twitter.com/radian6#/favorites?user=radian6>).
- The Colorado School of Mines' 8th Continent Project is a comprehensive effort to integrate space technology and resources into the global economy. 8th Continent is forming a chamber of commerce to bring together companies ranging from start-ups to Fortune 500 concerns to explore these opportunities. With no advertising and limited public relations budget, 8th Continent is successfully reaching its targeted companies almost exclusively through social media tactics, including one of the most active blogs in the space industry designed to both deliver information and encourage conversation and participation.

Even though each example company is using social media differently, there are some key points in common:

- They are using social media intelligence to either begin or extend a conversation: Radian6 answers questions with references, the 8<sup>th</sup> Continent Project has developed and nurtures an active blog site providing unique information, and Sun is engaging a hard-to-reach audience. In each case, they are encouraging an active community.
- Each company is listening and actively soliciting feedback.
- Perhaps most importantly, by building dialog and community, successful companies are putting critical pieces in place in advance. Social media moves too fast to begin reacting without the benefit of a plan once a dialog —positive or negative—has begun.

### Recommendation for B2B Use of Social Media

The following steps are important in determining the best way for a company in the B2B space to determine how best to use social media communities either reactively, proactively, or both, to increase sales and generate leads.

Gather your internal resources. Do you know who is necessary in your organization to answer various kinds of community questions? Are you ready and able to answer the anticipated questions? Is your senior management briefed and on board? Do you have a customer reference management plan? Put simply: do your internal research before joining the conversation. This is an important step even if, as an organization, you have decided not to engage in the social media community at this time.

Listen to the social media conversations. When entering a room, you do not ask those you wish to speak with to come to you—instead, you walk to them. The same holds true for the social media space. By listening, you can find out where your customers (both current and prospective) are, and you can then learn what they're talking about, what they want to know, their needs and ultimately, how you can successfully engage with them. There are a number of excellent monitoring tools available, ranging from free to several thousand dollars a month. Monitoring the conversation to determine what's being said and who's saying it is a critical first step for any company, regardless of your space.

Prepare to join the conversation. Just because you're not a part of the conversation today, it shouldn't stop you. You have the opportunity to join and influence, and the best companies are taking advantage of this opportunity. Preparation, however, is the key. Companies cannot brief the customer service department, for example, on the need for a response three days after a blog post or Twitter comment. Responses must be near instantaneous. Here are the critical elements a company should consider prior to engaging in a conversation:

- Brief participating departments (e.g., marketing, communications, sales, customer service, etc.) and develop processes and protocol for timely participation.
- Ensure your customer reference assets are well organized before you need them. Know who is available to respond on your behalf and make sure your organization

has access to customer reference content that they can use to respond. There are a number of companies with specific expertise in the area which help clients manage this process.

Engage online as you would offline. Just as a professional would not argue, criticize or belittle in person, the same rules are even more important online. Not only are comments public, they are searchable, tied to your company and live online for the foreseeable future. Further, they can be linked to and reposted. Err on the side of polite, rational, helpful and non-combative communications. It's nearly impossible to look bad projecting those traits.

Additionally, it's important to be "human" in social media. Just as you wouldn't walk into a luncheon or social gathering and immediately begin aggressive sales pitches, the same is true for social media. Also, just as you make small talk with your customers, that's important as well. The more your company projects the "person like me" persona—through your own actions and the intelligent use of customer references—the more effective you will be in this medium.

Social media is a process, not a project. You cannot simply post something on Twitter every Monday at 2 p.m. and consider that social media engagement. To use another offline example, that's a bit like telling your customer he can call any time he wishes, but you'll only return the call at a certain time each week. Once you're engaged, you must stay engaged. To jump in from time to time is, in many ways, worse than not engaging at all.

Social media engagement cannot live exclusively with one employee or department. Your customers will have questions that span your entire organization, from product management to PR/investor relations to senior management. Unless you're a sole proprietorship, no one person can do it all without help. While one person/group should be assigned to *manage* the engagement, constant interaction with project and process owners is critical and must be consistently managed.

It is our opinion that social media will, for the foreseeable future, continue to gain importance for all segments of business, and, while the B2B segment has started to get involved, there will be a steep growth curve over the next 12 to 24 months as companies start to realize the power of connecting with their customers and humanizing their brands. Don't be late to the party! Begin the initiatives outlined in this paper in order to take advantage of opportunities offered by this exciting new way of networking and engaging with customers and others in the industry.

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## Appendix A

The current social media landscape can be broadly defined into these major categories:

**Social Networks/Communities:** Facebook, MySpace, LinkedIn or Plaxo are leaders in this category. These sites allow users to interact with other individuals and groups across a consistent platform.

**Blogs:** A blog (short for “Weblog”) is simply a journal which allows readers to read and comment on stories—called posts—written on the blog. Estimates vary, but most sources place the number of blogs in excess of 140 million.

**Microblogging sites:** The most popular of these sites is Twitter, which is currently the fastest-growing social network on any kind. Users simply exchange very brief messages (140 characters or fewer).

**Message Boards:** Consumers continue to use these forums to discuss products and services relevant to the topic of the board (boards are typically focused on a particular topic, product or service as opposed to a community like Facebook, which encompasses a wide range of conversations). In many cases, consumers are becoming de facto brand representatives on large sites, and many brands are participating in the conversation directly.

**Comment threads:** The comment thread which follows articles on nearly every online publication is often overlooked, but is important. Even a glowing review from a reporter can be followed with negative comments, spawning an entire secondary discussion.

**User-Generated Content Communities:** These sites can be either written or multi-media, with video sites taking the lead in both traffic and influence. Sites such as YouTube and Flickr are leading examples.

**Social bookmarking:** Sites such as Delicious.com allow users to make their bookmarks public and allow other users to subscribe. This can propel a relatively unknown site to immediate prominence if it is bookmarked by a prominent thought leader.