

GROWTH PRIORITY: Brand, Creativity, and Media

GROWTH MANDATE: Establish the financial value of a brand.

WHY IT MATTERS: Recent research suggests that up to 95% of business customers are not in the market for many goods and services at any one time. This has profound implication for B2B marketers.

OBJECTIVE

Facilitate a private, candid forum for CMOs to interact with peer-level experts and the leading institute for B2B metrics to discuss how KPIs can be leveraged to show brand value

DISCUSSION FOCUS

- What are the fundamental laws of brand growth in B2B?
- How do different brand KPIs such as awareness, preference, perception, consideration, loyalty, lifetime-value, and others drive business growth relative to each other?

B2B MARKETERS MAY BE MISSING OPPORTUNITIES BY FOCUSING ON SALES THAT WILL NEVER HAPPEN

New research from the B2B Institute and the Ehrenberg Bass Institute sheds new light on how business buyers make purchasing decisions. Some of their evidence-based findings included:

- **95% of businesses may not in the market for most goods and services at any one time.** Companies change their providers about every five years. This means that only 20% are in the market in any given year and just 5% in each quarter. The other 95% are not in the market at all.
- **70% of growth comes from new customers.** Yet, in a recent LinkedIn survey of B2B marketers, 65% said the way brands grow is by increasing customer loyalty, not by focusing on acquisition. Marketers may be setting limits on company growth by pursuing loyalty-first strategies.
- **B2B marketers should be more concerned about lack of brand awareness than with brand rejection.** Efforts to reduce rejection levels are likely to have low return on investment in sales growth. Brands should instead focus marketing efforts on reaching *potential* B2B buyers to build mental availability.
- **The job of marketing to build mental availability.** B2B marketers need to make sure their brand is easy to mind and easy to find. The Mental Availability Law outlines how to make your brand easy to mind by creating brand awareness in relevant buying situations.



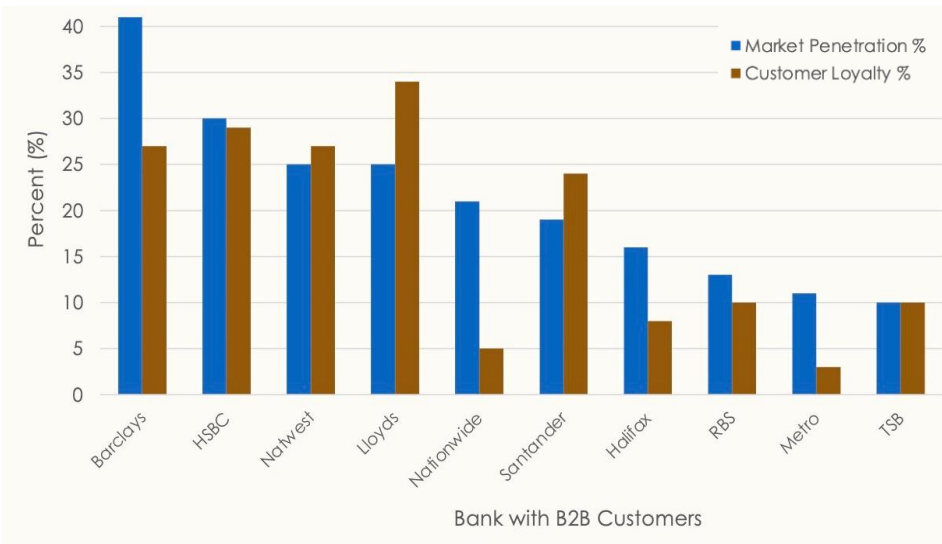
The Global CMO Growth Council brought together over 50 CMOs and industry leaders on July 19, for a deep dive into new research on how B2B brands grow.

KEY TAKEAWAYS

- 1. Mental Availability.** If mind share determines market share, then B2B marketers must win the mind to win the market. *Mental Availability* is the propensity for a brand to be thought of in buying situations.
- 2. Penetration versus Loyalty.** What is the best way for a brand to grow? Discussion suggested that brand growth is more likely to be driven by gaining new users – or increasing penetration and customer acquisition, rather than increasing brand loyalty.
- 3. Build more distinctive brand assets.** Advertising mainly works by building and refreshing memory links to specific brands. These memory links activate when buyers come into the market. So, if your advertising is better at building brand-relevant memories, your brand becomes more competitive.
- 4. Watch out for short-termism.** An excessive focus on short-term results at the expense of long-term interests will erode brand equity.

THE LAW OF DOUBLE JEOPARDY

First discovered in the 1960s, the law of double jeopardy, reveals that loyalty is largely a predictable function of market share, increasing as brands grow the size of their customer base. Smaller brands can suffer twice as much compared to larger competitors, by having fewer users who are also less loyal. *The law suggests that marketers can't engineer loyalty. Focusing on loyalty may not provide an optimal route to sustainable growth.*



Brands with lower penetration tend to have lower loyalty metrics compared to bigger brands.

PRACTICAL APPLICATIONS FOR B2B MARKETERS

Here are some ways CMOs can apply the lessons of the double jeopardy law to their growth strategies:

- Identify and remove barriers to acquisition - either mental (what you are known for offering), or physical (where, how or what potential customers can buy from you).
- Reconsider the metrics you track and shift your focus from loyalty metrics.

ADDITIONAL RESOURCES

- **Advertising Effectiveness and the 95-5 rule**, John Dawes [LINK](#)
- **Mental and Physical Availability**, Byron Sharp [LINK](#)
- **Double Jeopardy Law in B2B**, Jenni Romaniuk, John Dawes, Sahar Faghidno [LINK](#)
- **Brand Rejection in B2B**, Jenni Romaniuk [LINK](#)
- **How do B2B brands compete?**, Jenni Romaniuk [LINK](#)
- **How B2B Brands Grow**, The B2B Institute [LINK](#)
- **Marketing to CFOs: The Way Back to Value for Marketers**, The B2B Institute [LINK](#)

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