The added value of social media data in B2B customer acquisition systems: A real-life experiment

Matthijs Meire a,⁎, Michel Ballings b, Dirk Van den Poel a

a Department of Marketing, Ghent University, Tweekerkenstraat 2, Ghent, Belgium
b The University of Tennessee, 240 Stokely Management Center, 37996 Knoxville, TN, USA

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ABSTRACT

Business-to-business organizations and scholars are becoming increasingly aware of the possibilities social media and predictive analytics offer. Despite the interest in social media, only few have analyzed the impact of social media on the sales process. This paper takes a quantitative view to examine the added value of Facebook data in the customer acquisition process. In order to do so, we devise a customer acquisition decision support system to qualify prospects as potential customers, and incorporate commercially purchased prospecting data, website data and Facebook data. Our system is subsequently used by Coca Cola Refreshments Inc. (CCR) to generate calling lists of beverage serving outlets, ranked by their likelihood of becoming a customer. In this paper we report the results, in terms of prospect-to-customer conversion, of a real-life experiment encompassing nearly 9000 prospects. The results show that Facebook is the most informative data source to qualify prospects, and is complementary with the other data sources in that it further improves predictive performance. We contribute to literature in that we are the first to investigate the effectiveness of social media information in acquiring B2B-customers. Our results imply that Facebook data challenge current best practices in customer acquisition.

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1. Introduction

While social media have given rise to a vast body of literature in marketing (e.g., [1–4]), most of this research focuses on business-to-consumer (B2C) applications. Within business-to-business (B2B) environments, the potential of social media has already been recognized, but the adoption of social media is slower compared to B2C companies [5]. Existing literature describes in a qualitative way how social media can be used, mainly within a B2B selling process or relationship. However, any formal model or analysis of the abundance of social media data in a B2B environment is lacking. The magnitude of these social media data becomes most apparent if we look at some summary figures. Facebook contains over 60 million company pages and 1.79 billion active user profiles interacting with these pages at the end of 2016 [7,8], and serves as a prime example of big data [9]. These magnitudes of new (e.g., voice, text, photo and video) data bring along new challenges. Indeed, the Marketing Science Institute (MSI) lists as one of its research priorities for 2016–2018 “New data, new methods, and new skills—how to bring it all together?” with key issues described as: “How to bring multiple sources and types of information together […] to make better decisions […]”, “Integrating big data analysis with managerial decision making,” and “New approaches and sources of data—what are the roles of artificial intelligence, […], machine learning?” [10]. According to Lilien [11], there is also a spiking interest of B2B selling firms for machine learning and predictive analytics, driven by new data sources that become available. In summary, several authors have stated the need to explore the added value of big data applications and analytics in business environments, thereby taking into account the data, tools and algorithms that can be used (e.g., [9,12]). Recently, Chen et al. [13] showed that the use of big data analytics was responsible for 8.5% explained variance in asset productivity and 9.2% explained variance in business growth, which indicates the relevance of big data for value creation.

We add to existing literature concerning B2B social media usage by incorporating social media within a B2B customer acquisition decision support system. In the history of customer relationship management (CRM), the acquisition process has received less attention compared to retention and customer lifetime value (CLV). The underlying reasons are that the customer acquisition process is more complex, less data of poorer quality are available, and customer acquisition is typically more expensive compared to retention campaigns [14]. The rise of social media can be conceived of as an opportunity to obtain a better defined profile of prospects, thereby allowing to create better customer acquisition prediction models. Specifically, we evaluate the predictive...
value of data extracted from the prospects' social media page (Facebook pages), and compare it with data extracted from their website, and data that the focal company buys from a specialized vendor. We implement this research using a real-life experiment with Coca Cola Refreshments USA Inc. (CCR) in which we had CCR’s call center call nearly 9000 prospects. Prospects in this particular case refer to on premise beverage-serving companies such as bars and restaurants, which we call outlets from hereon.

The main contributions of this paper are: 1) We posit, evaluate and assess a customer acquisition decision support system on a large scale and show the financial benefits of this new approach using a real-life experiment with Coca Cola Refreshments USA, 2) We add to the existing B2B social media literature by taking a quantitative, big data view on social media instead of a qualitative one and 3) We add to the existing B2B acquisition literature by incorporating a new, freely available data source over established data sources for better prediction models.

In the next section, we will first review the B2B acquisition process, previous literature on social media in a B2B environment and the potential added value of social media for B2B customer analytics. Next, we describe our data sources, along with the methodology. This methodology is evaluated in a real-life experiment in the Results section. Subsequently, we provide a discussion of the results and the implications for business implementations. The final section addresses limitations and outlines future research.

2. Literature review

2.1. B2B acquisition framework

The customer acquisition process is a very complex process, especially in a B2B environment. Organizations’ buying decisions are taken by a group of people, often called the Decision Making Unit (DMU), and rely on budget and cost considerations [15]. Typically, the process by a group of people, often called the Decision Making Unit (DMU), especially in a B2B environment. Organizations’ buying decisions are taken by a group of people, often called the Decision Making Unit (DMU), and rely on budget and cost considerations [15]. Typically, the process is split up in different stages. We follow the approach outlined in D’Haen and Van den Poel [16]. Their ‘sales funnel’ consists of four stages. In the first stage, there is only a list of suspects. These are all potential new customers [16]. In most industries, a complete list of potential customers does not exist and in this case the list should be thought of as an ideal. Subsequently, this initial list is reduced to a list of prospects that can be identified. This is the stage where most companies start the sales process, either with an acquired list from a specialized vendor [17] or with a list obtained from the marketing department [18]. The third stage consists in qualifying these prospects, which yields a list of leads. Typically, in practice, qualifying prospects is based on intuition, gut feeling and simple rules [19,20]. However, more informed approaches exist as explained in [17]: profiling, random testing of prospect lists, a two-step acquisition model and regression models. These approaches have proven their usefulness in several applications (e.g., [21–23]). Finally, in the fourth stage of the sales funnel, the lead is converted to a real customer.

Similar to the complexity of the sales process, the modeling of this process can be seen as a complex undertaking. Indeed, D’Haen and Van den Poel [16] point out the iterative nature of the sales process. In a first phase, there is only information available on customers versus prospects. Hence, a type of profiling method is used, identifying prospects that look similar to existing customers. Each prospect receives a score that reflects the probability to become a customer. Subsequently, this list of prospects is given to the sales team. The second phase starts when feedback on the first list of prospects is received [16]. This feedback can take various forms, depending on the stage of the acquisition process that the company is interested in. Examples are the qualification of the prospects as good or bad leads, prospects entering a sales conversation or not, and the closure of a deal or not. Which definition of feedback is most suitable depends on the nature of the business, the time window and the resources of the company: information on the closure of a deal is the most interesting type of feedback to a company, but given the long sales cycle in B2B-sales [24], it may be more effective to use the qualification as good or bad leads as feedback. This feedback gives the opportunity to model the second phase in which the ‘good’ prospects are modeled versus the ‘bad’ prospects, in terms of the feedback received. Finally, this process is iterative as the model can be re-estimated and refined each time new feedback becomes available [16]. In this paper we apply this iterative model on a large-scale real-life case study, thereby helping to validate this model. In Phase I, we estimate and evaluate the quality of the probability of prospects to become a customer, based on the similarity with customers. In Phase II, with feedback data available, we model which prospects will be converted into customers, based on information from previous successful conversions [22].

2.2. Social media in a B2B sales context

Several authors have tried to obtain more insight into the reasons of success of an acquisition attempt (e.g., [25–27]), and most of this research focuses on the antecedents of salespersons’ performance. Weitz et al. [26] mention the capabilities of a salesperson, driven by knowledge and information acquisition skills, as important factors. More recent work stresses the adoption of information technology by the sales force [28,29], and shows a positive relationship between the use of IT and sales performance mediated by the positive influence of IT on knowledge and adaptability of the salesperson. Moreover, Zoltners et al. [27] show that data and tools available to the sales team are one of the drivers of sales force effectiveness and are seen as one of the high impact opportunities for sales teams by both practitioners and academicians. With the recent rise of social media as a new data source, the use of social media within a B2B context thus provides new opportunities to improve sales force effectiveness. The (B2B) sales process becomes more and more influenced by the internet and more specifically, social media [30]. While Michaelidou et al. [5] mention that the adoption of social media by B2B companies is slower compared to the B2C markets, the usefulness of social media in a B2B context has already been recognized by several scholars. Giamanco and Gregoire [31] suggest three stages in which social media can be used. These stages are prospecting (i.e., finding new leads), qualifying leads, and managing relationships. In the first stage, sales representatives use social media to identify potential buyers. In the second stage, the quality of these leads is examined using information available on social media (e.g., ‘Does this person have the authority to buy?’, ‘Do they have a budget?’) [31]. Finally, social media can be used to manage the relationships with existing customers. The social media they refer to are LinkedIn, Twitter and Facebook. Similarly, Rodriguez et al. [32] identified a three step process using social media: creating opportunity, understanding customers and relationship management. It is clear that these steps are linked to the previous ones and the main difference is that the relationship stages are expanded over several categories. Creating opportunity embraces both the prospecting and qualifying stages of Giamanco and Gregoire [31]. It has been shown that social media usage has a positive effect on the results of prospecting and qualifying activities [32]. Finally, Andzulis et al. [33] state that social media can and should be integrated into the entire sales process.

These papers share the common idea that social media are important in a B2B selling context. They posit ideas and frameworks and elaborate on how salespeople can identify new prospects, how they can use social media to identify good prospects and how social media can be used to start or maintain the relationship with the customer. Social media are recognized as a tool to make the sales process less costly and more effective and are seen as an extension of traditional customer relationship management (CRM), leading to Social CRM activities [32,34]. By building rapport with the prospective customer, the accuracy of the sales process is expected to increase.

While the papers mentioned in the previous paragraph have in common that they highlight the importance of social media, they also share some limitations. Most of the papers focus on identifying and qualifying
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