

Credibility Programs Part 1: Boosting sales with success stories

By John Willoughby

Customer success stories have been a mainstay in building product and service credibility with new prospects. A key metric to any product evaluation is the success that other customers have had with the product, and whether or not they were satisfied enough to actually recommend the product.

A lot of marketing is based on experience and “gut feel”. We re-use techniques that have worked in the past, we incorporate customer feedback into our plans, and we get ideas from watching what other companies do. But making the most effective use of our resources requires that we look a little deeper and actually analyze the basis for our activities.

How are customer success stories helpful? When and how should they be used? How many are needed? These are questions that can be answered by turning to studies on exactly how people are influenced by others. In part 1 of this article we will examine how the use of success stories can make a significant contribution to the sales process from lead generation through the closure of the sale.

Using customer success stories to reduce the perceived risk of purchase

A basic reason for providing customer success stories is to help reduce the perceived risk of purchasing your product. If other customers are willing to state, in public, that they were successful with the product then that is one more check mark on the list of due diligence tasks that a potential customer will make. A customer referral by itself is not going to convince the prospect that the product is perfect, but the absence of them speaks volumes. In this respect, reference customer success stories are a critical component to guarantee a successful evaluation.

The presence of customer success stories is helpful to prospective customers who are evaluating your product because it shows them how other, similar customers have been able to successfully use your product. Not only does it show that the product can be used successfully, but the stories help show exactly how to successfully use the product. In this respect it helps to not only establish credibility but also to serve as a methodology or use model guide, effectively adding to the user documentation.

The importance of the success story to drive new sales

Moving beyond being a mere check-mark on a list of evaluation tasks, however, the use of customer success stories really can change customer behavior and attitude. Studies have shown that people are, in fact, largely influenced by the group around them. There are numerous studies that have shown that individuals can even be influenced to behave in ways that seem contrary to their normal reasoning and beliefs merely because of the behavior of those around them, and all the more so where those exhibiting the behavior are considered to be in some position of authority or expertise.

Psychologists refer to this as social influence, with this particular type of social influence identified as conformity. Conformity is defined as the changing the behavior or beliefs in response to the actions of others. In our case, we are taking advantage of Informational Social Influence. This is the use of other

people's comments and actions as a source of information about what is right and wrong. Early experiments by the psychologist Muzafer Sherif, one of the founders of Social Psychology, first explored this principle. Social influence is particularly important where the correct answer is not completely clear, such as when two products have similar characteristics or a similar array of pros and cons.

Even more interesting, in experiments conducted by the psychologist Solomon Asch, it was shown that a surprisingly high percentage of people will conform to group opinions even where that opinion conflicts with their own original beliefs. Many of us can remember badgering our parents for some toy or to see some movie because, "everyone else is doing it". The usual response was, of course, "if everyone else was jumping off a cliff would you?" Asch's studies show that yes, in fact, many people actually would. Perhaps we would not actually jump off a cliff, but we do feel a strong compulsion to "go along with the crowd". It has nothing to do with what the crowd is doing, merely that the crowd is doing it and, as social animals ourselves, we feel a compulsion to also engage in similar behavior.

Clearly, the existence of good customer success stories can, in fact, actually influence the prospective customer's perception of the product. This is distinct from the basic evaluation check-mark and actually has nothing to do with the fact that others are using the product successfully – merely that others are using the product.

Recent research has even identified the existence of "mirror neurons" in our brains that mimic the behavior we see others engaging in. If we watch someone catch a ball, for example, many of the neurons in our brain fire that would actually be used if we were to also reach out our hand and catch a ball. In addition to wanting to participate in group behavior because of wanting to be part of the crowd, we even mimic the activity in our own brain when we watch someone else doing it. So yes, we will jump over that cliff (figuratively speaking) if everyone else does: we can't help it, our brains are just wired like that.

How many stories are enough?

Having determined that the customer success story is an important part of a sales strategy, we need to have some idea of how many stories we need to be effective. There is, of course, a cost in each new story obtained so we want to make sure we have enough but not waste resources by having more than we need.

Studies have been conducted using a number of techniques to determine exactly how many social references are required to change the behavior of an individual when part of a group. By using experiments where the behavior of an individual is being swayed by a crowd, and varying the number of people who are trying to convince the individual to change his or her mind we can get some insight into the number of references that are required. For example, if a group of people are all predisposed to make a certain choice and some of the members of the group begin arguing for a different choice, how many people need to make the argument before the individuals begin to be swayed in their choice? If one person argues for a different choice, is that enough to make the change? Is two enough? Three? Studies have shown that it only requires three or four people making an argument for a specific choice

to have a significant impact on the members of a group. Applying this to the case of customer success stories we can make the argument that therefore three or four customer success stories are adequate to help influence the target customer's preferences.

Of course, they have to be three or four reference customers that the target customer identifies with. The nature of this will vary by industry and the objective is not to have a reference that is an exact match for the target customer, but at least one that is using the product or service is generally the same way. For example, a customer using a computer for business applications might not be a good match when trying to influence someone who wants a computer for gaming. Someone using a computer for word processing, however, might be a perfect reference for someone who wants to primarily use it for presentations. Exactly how close the reference customer application is to the target is something you will need to determine for your specific industry. The key point, however, is that you will need three or four successes in each major user category.

Gaining exposure

One final point to remember: customer success stories are only useful if your prospects actually read them. Don't just post them on your web site and wait for someone to find them or wait for the sales team to hand them to a prospect during a sales call. Use them to actually drive lead generation by publicizing them widely. Magazines love customer case studies, and this is a great way to get them in front of many prospects at once. Utilize all avenues for publication that you have: newsletters, blogs, articles, social networking sites, etc. Whatever is appropriate to reach your particular customer base.

Caveat

Much more has been written about using social psychology in consumer marketing than in business-to-business (B2B) marketing. In consumer marketing, where individual preferences make such a large difference in purchasing behavior, the use of techniques like this can make or break a sale all by itself. In B2B marketing there are often technical criteria that form the backbone of any purchasing decisions. In a business environment good marketing can rarely overcome a bad product. Good marketing can, however, make a dramatic difference where two products both have pros and cons and are, on the balance, roughly equal.

Part of the success of B2B marketing is to identify your differentiators and to convince your target customers that those specific factors are more important to them than ones where your product is weaker. It is in this situation that techniques like these can make a significant difference in the customer's opinions, or at least keep you from being at a disadvantage when your competition is using these techniques to the best advantage. Unless you hold a patent on some new technology that your customers already believe they can't live without, success or failure of your product is going to rest largely on the success or failure of your marketing effort.

Conclusion

The use of customer success stories is an important part of any credibility program. They help the customer to make a purchasing decision both by reducing the perceived risk and by serving as a use model guide. From the viewpoint of the vendor, the success stories are important in helping to move a prospective customer to making a buy decision because they will be influenced by the fact that “everyone else is doing it.” Success stories by themselves can’t sell a product, but the effective use of them can definitely help tip a customer towards a buy decision.

Credibility Programs Part 2: Driving proliferation with success stories

By John Willoughby

Customer success stories have been a mainstay in building product and service credibility with new prospects. A key metric to any product evaluation is the success that other customers have had with the product, and whether or not they were satisfied enough to actually recommend the product. Customer success stories help a prospect to gain some trust in the ability of the product to help them meet their objectives. It also helps show them example methodologies and use models that others have successfully employed and which they can use themselves.

Beyond using customer success stories to help drive new prospects to purchase, there is another useful aspect to these stories: helping to drive proliferation and customer loyalty. Obtaining a customer testimonial can be just as important to promote existing customer retention as it is to help acquire new customers. The customer success story can be an important tool in retaining the customer who contributes the story, and even expanding proliferation within that particular customer.

Using customer success stories to drive proliferation within existing accounts

A core discovery about how humans are wired is that we will actually change our beliefs to match our actions. Yes, our actions are generally driven by our beliefs in the first place, but when we do something that is not in complete accord with our current beliefs, we will often resolve the discrepancy by actually changing our opinions. “Yes, I did that because I like to do that.” This resolves the internal conflict presented by having our actions diverge from our beliefs.

This is part of the effect of the Cognitive Dissonance Theory developed by the social psychology pioneer Leon Festinger. He proposed that people are troubled by inconsistencies between their thoughts, sentiments, and actions. A state known as dissonance occurs when there is a conflict and this motivates action in order to restore the consistency. Most of the time people will act in accordance with their beliefs. In cases where they have acted not in accordance with their beliefs, people will actually change their beliefs to match their actions. This is a very important finding and it means that, simply put, in the case where you can influence someone’s actions you can actually change their opinions to match their actions.

One important caveat to this is that the action must be public or at least leave strong evidence. If we can resolve a conflict between thoughts and actions by simply ignoring or forgetting about the action, we will do so. If we have done something in public or written something down it becomes difficult to simply ignore and that is where we will then be left with the modification of our beliefs as the only solution to resolve the discrepancy. Obviously, the stronger our original inclination the easier it is to cement a particular belief. If we like a product and end up on the news using that product, we will end up feeling even more positive about the product because of the public commitment.

One place where this applies is in the use of customer testimonials and success stories. A customer who likes a product well enough to have purchased it and used it once can be turned into solid lifetime

customer by having them publicly endorse the product. Obviously if it is good enough to stand up for in public, it must be a wonderful product and one that has been extremely useful for the customer. The customer then modifies what may have been a moderate disposition towards the product to become a strong attraction to the product.

Collecting customer testimonials is useful to build product credibility, and that is the main drive behind any such action, but we also get the extra benefit of firmly entrenching the customer's attraction to the product and therefore driving repeat business and internal proliferation. In most businesses the majority of sales come from existing customers. In addition, the cost of a sale to an existing customer is dramatically lower than the cost of a sale to a new customer.

In light of this, companies may well want to re-think their selection of customers to use for success stories and interviews. Customers will probably be selected in broad groups to get a spread of representation from different market segments, or the use of specific features, or other criteria. Beyond that broad grouping, however, our natural inclination is pick the friendliest customers we know to give us the endorsement. Of course, we feel that it will be the easiest to get such an endorsement from a friendly customer and this may well be true.

In light of our understanding of how beliefs and actions are resolved, however, we may want to rethink our strategy for customer selection and focus instead on customers who are friendly enough to work with, but not ones that are completely committed to the product. By utilizing these marginal customers for endorsements we can help to turn them into more firmly committed consumers. It may well take a bit more effort to get them to agree, but in the end we will have not only a good customer success story but also have directly increased customer satisfaction and driven increased proliferation and repeat business.

The danger of customer rewards

Most companies will feel an obligation to reward a customer for their participation in the success story. Reciprocity is part of the glue that holds the social fabric together and is seen in primitive animal groups as well as humans. In fact, money is itself simply an abstracted form of reciprocity. I do something for you, and you give me an "IOU" in the form of money. The need to reciprocate is a fundamental part of how normal humans are wired psychologically. So when a customer has spent the time to edit an endorsement, or video tape an interview, and is willing to put their name on it publicly we feel a need to do something nice for them in return.

Certainly we should be grateful to them, and showing our appreciation is important to acknowledge their efforts and be polite. But what we give in exchange can be a critical factor in the effectiveness of the endorsement as part of the customer commitment. Contrary to most initial thoughts, the larger the gift as a reward the less effective the endorsement is for helping to commit that customer. We might at first think that the larger the gift the more the customer will be thrilled with us and become an even more ardent supporter. In fact, the exact opposite happens.

Further results from Festinger's experiments show that when the subject is rewarded for their original inconsistent behavior, the reward itself gives the participant an "out" and eliminates the cognitive dissonance without the need to change their opinions. When a customer commits to a product endorsement without thought of reward, this further programs them to be a staunch supporter of that product because they rationalize their action by further cementing their attraction to the product. However, when they receive a valuable reward in exchange for their actions, the result instead is that they sub-consciously rationalize their endorsement by the receipt of the gift. Instead of "I did it because I love the product", they instead think "I did it because of the gift I received". This totally negates the value of the endorsement as a means to further cement their own attraction to the product.

Yes, show your appreciation. Yes, give them a gift, but make sure it is a small token gift without any real value. Don't worry; they gave you the endorsement because they love the product, or because they want the attention, or any of several other reasons. Getting a free iPod in return was not one of them. Of course, this assumes that you didn't entice them in the first place with an offer of some large reward. Bribery is rarely an effective technique in any case. You probably can't offer them something large enough to actually get them to endorse something that they don't want to endorse, and so all you are doing is actually hurting their own attraction to the product. There are many reasons why a customer will be willing to provide an endorsement, dangling a free gift in front of them is rarely going to make any difference in whether or not they decide to do it.

Caveat

Here we need to reiterate a very important point that we made in the first article on this topic. In Business to Business (B2B) marketing there is often technical criteria that form the backbone of any purchasing decisions. In a business environment good marketing can rarely overcome a bad product. Good marketing can, however, make a dramatic difference where two products both have pros and cons and are, on the balance, roughly equal.

Part of the success of B2B marketing is to identify your differentiators and to convince your target customers that those specific factors are more important to them than ones where your product is weaker. It is in this situation that techniques like these can make a significant difference in the customer's opinions, or at least keep you from being at a disadvantage when your competition is using these techniques to the best advantage. Unless you hold a patent on some radical new technology that your customers already believe they can't live without, success or failure of your product is going to rest largely on the success or failure of your marketing effort.

Conclusion

Customer success stories have been used effectively for many years and help prospective customer become more comfortable with a purchase. A very important benefit for the vendor, and one that is usually not known, is the ability of the success story to boost the loyalty of existing customers and drive repeat sales. A customer who is only mildly positive about a product can be turned into a strong advocate of the product simply by getting them to publicly endorse the product. In order to reconcile

their actions with their beliefs, the customer will actually modify their beliefs to match the action that they have engaged in.

In order for this to be effective, however, the customer must do this in a public and permanent way. If the customer can simply “forget” that they gave the endorsement, then this provides them with an “out” to avoid having to modify their opinions. Likewise, offering a large reward or gift in exchange for the endorsement gives them an internal explanation. If they can say to themselves that they did what they did for the reward, no change in belief is needed.

The lesson learned here is to pick borderline customers for endorsements, not your favorite friendly customer who is always willing to do something for you. Thank the customer and perhaps provide some small token of appreciation or a plaque, but keep the gift small and inexpensive. In the end, you will not only end up with a customer testimonial, but you will also have turned a borderline customer into a firm advocate.

Credibility Programs Part 3: Crafting an effective success story

By John Willoughby

Customer success stories are an important component in any marketing effort. They help establish credibility, convince prospective customers to make purchases, and encourage existing customers to make additional purchases. In the previous two parts of this series we examined exactly how customer success stories can be utilized to be most effective, and in this part we'll take a look at what actually goes into creating an optimal success story.

Segmentation

When considering what customers to target for a success story there are many factors that need to be considered. As we learned in the previous article in this series there is significant value in using a customer who may not be totally committed to the product for a success story. By producing a success story, that custom will become a more solid customer and increase the chances of renewals or additional purchases. This provides value without even thinking about uses with prospective clients.

When targeting stories for use to help convince prospective customers it is important to make sure that the prospect will identify with the situation and customer. This may mean that you need to have several different groups of success stories, with each one targeted at a different market segment. You will need to carefully consider what the key characteristics are of your target market. Some of the parameters that you may want to consider when developing your segmentation include the following.

- Industry: will your prospects identify with the use of your product in another industry?
- Company size: are you targeting large companies, start-ups, mid-sized, etc.?
- Geography: are you targeting a multi-national? Or a company located primarily in one specific region that has its own characteristics?
- Audience: are you targeting executives? Managers? Engineers?
- Job function: do people in different jobs use your product in the same way?
- Other: what characteristics are important to your customers? How do they identify themselves?

A reference does not have to be exactly the same in all aspects, but it is important to determine what characteristics your prospective customers will identify with.

Main components

A success story is a picture of how a customer was able to achieve their objectives through the use of your product.

In a success story you should not assume that the user has any prior knowledge of your product.

The main parts of a good success story should include the following:

- Overview – one paragraph summary of situation, problem, solution, results
- Situation/background – what is the customer developing, what is their market

- Problem /pain statement - what problem was the customer was looking for a solution to
- Reason for selecting your product – what was attractive, what expectations
- Results/Impact – what changed, quantitative metrics, how was the problem solved
- Conclusion

The interview – in person, phone, recording/notes

The best interview is a video interview because with video you can create video stories, audio endorsements, and then mine the conversation to provide print versions as well. This can raise the price tag quite a bit, however, and the customer may not agree to it anyway. If you are not video taping, then the next best thing is a live, in person interview. A live interview allows the interviewer to read the body language and get a better feel for how to follow-up on specific answers. It is rarely, however, worth flying an interview out to a customer site just for this reason. If the interviewer is not local to the customer, then a phone interview should be done.

Whether in person or over the phone it is best to record the interview. Remember that this cannot be done legally without the interviewee's knowledge and consent, and if they say "no" then that means no. As long as you explain that you only want to make sure you don't miss anything, or misquote them, people rarely object. From your perspective as the interviewer, having to manually take notes during the conversation is distracting and will keep the conversation from flowing as easily. On the other hand, you will get an opportunity to review your notes with the customer later so it's not a disaster if you have to take notes by hand, just not preferable.

You definitely want to have a complete set of questions written out in advance, and you should send these to the customer ahead of time for them to think about. Few people will write about as much detail as they will talk about, and so it is rarely advisable to let the customer simply replay with a text response to the list of questions. You will gain much more information, and be able to pursue any unexpected areas of information only if you are having a live conversation with the customer. It's o.k. to follow up with a few quick questions by email, but the initial interview should be done live.

The only exception is where the customer does not even speak English, or speaks it so little that a live interview is actually not better than an email exchange.

The interviewer

A good customer success story can be written by anyone, but there is real value in having a professional writer create the story for you. Here you may have to make some trade-offs but ideally you want to use someone who is a professional writer, someone who has experience interviewing people, someone who has experience writing customer success stories, and someone who has at least some understanding of your industry. It can actually be a good thing to have a writer who is not too experienced with your industry, because you want the story to be accessible to a wide audience and it should be easy to understand without having too much background. If you don't have someone with those qualifications in your company, it may be money well spent to hire a consultant with the right background to conduct

the interview and write the story. If there really is a problem with the industry knowledge being critical, you can have an insider conduct the interview (with or without the writer on the phone) and then have a consultant write the story.

Finding approval

With many customer success stories the most difficult part can be obtaining permission from the customer's company itself. Some large companies have blanket policies against providing any endorsements, viewing it both as a dilution of their own brand by association with your product, and a possible disclosure of practices that are part of the company's proprietary competitive advantages.

Unfortunately, these large companies are the ones that carry the most influence. An endorsement from IBM is far more valuable than one from 'Joe's Computer Start-up'. Customer success stories from small companies are still valuable, especially if they are recognized as doing something leading edge themselves, but the larger the reference company and therefore the better known the name, the better off you are.

One way to help get approval through a legal process where your success story is far from a priority to them is to enroll the customer's marketing department in helping your cause. A success story is a way of promoting your product, true, but it also shows the customer in a positive light (because they were successful) and it is a way to talk about some new product or technology that they have developed. Everywhere that you promote that particular success story you are promoting not only your company, but their company as well. You can often find a valuable ally on the customer side by talking to the people who are responsible for marketing whatever product is described in the story. It's a way of promoting their product, and having a marketing manager champion the story internally because it will help promote their product is a far better push than simply having the end user justify it because they are doing you (their vendor) a favor.

One final note on approval – the best place to secure the agreement to do the success story is during the negotiation for the original sale. If the customer asks for discount, include the success story as a condition of the discount. This ties an actual cost saving for the customer to the completion of the success story. This makes it compelling for the end user who is giving you the actual quotes, and for the internal teams that will need to approve the story.

Format & Targets

Success stories should generally be formatted as a pdf file that prospective customers can download and print out if needed, and as a web page that can be viewed on-line in a native format. While there is no specific length that is required for a customer success story, two pages is generally a good target to shoot for. You want to be able to make all the key points that you need, but not make it boring.

When a customer provides you with enough material to write a success story, and has agreed to work with you to develop it, you should make the most use of this material that you can. An interview for a success story can be mined for a wide variety of uses. Quotes can be extracted from the interview and

used on web sites, in presentations, for advertisements, on banners at trade shows...pretty much anywhere. You can write a press release about the customer's successful use of your product. You can take the interview, possibly with some follow-up detail, and write an application note on that customer's specific usage. The material can be used to create a customer article on the success of their project, which happens to use your product. Keep in mind that most editors want to hear primarily about what the customer did, not about how wonderful your product is, so the focus for an article will need to be different unless you want to pay for it as an advertisement.

Conclusion

Customer success stories are a critical component for any successful credibility program. When correctly harvested and deployed they can have a significant boost to any marketing effort. They provide a benefit to you by helping to attract and convince new customers, and by proliferating sales at existing customer sites. A good customer success story is not difficult to create, but it cannot be treated as an afterthought. Proper preparation for the interview, the use of someone with a writing background, partnering with the customer to make the project mutually beneficial...there are a number of factors that need to be taken into account. When done properly, however, a little effort can go a long way and help make a significant impact on sales.