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Industrial Marketing Management

journal homepage: www.elsevier.com/locate/indmarman

Challenger marketing

Weng Marc Lim

School of Business, Swinburne University of Technology, Kuching, Sarawak, Malaysia

ARTICLE INFO

Keywords:

Challenger marketing
Practice
Theory

ABSTRACT

Challenger marketing is a new concept in business-to-business marketing. It emerged from practice, and thus, it is unsurprising that the concept is highly popular among organizations and salespeople in the industry. Nonetheless, it remains relatively unknown in the academic and scientific communities. The present article aims to address this knowledge gap by offering greater clarity on the concept of challenger marketing. To achieve this, the article adopts an interrogative approach to develop a series of questions whose answers will provide a richer understanding of challenger marketing. In doing so, this article hopes to become a seminal reference for academia and industry to understand challenger marketing, when it was developed, who engages in it and why, how challenger marketing challenges the orthodoxy, and where future research can fertilize challenger marketing.

1. Introduction

Challenger marketing is a story of probabilities. It is a story of increasing the likelihood of winning, keeping, and growing your business overtime. All our data tell us is that if you want to place your bets, this [challenger marketing] is the best bet.

Osmonbekov, Adamson, and Dixon (2019, p. 289)

Challenger marketing has been touted as one of the most important advances in selling for many years. Most people who have read *The Challenger Sale* (Dixon & Adamson, 2011) and *The Challenger Customer* (Adamson, Dixon, Toman, & Spenner, 2015) would likely agree that challenger marketing is a new, provocative approach to sales strategy that business-to-business marketers can use to navigate through the disruptive changes in the contemporary marketplace. Today, many sales recruiters also expect sales educators to teach challenger marketing in undergraduate and postgraduate marketing programs across business schools. This is unsurprising given the rise in popularity of challenger marketing and its increasing adoption and success in the industry, especially among Fortune 500 organizations such as GM, IBM, and SAP (Issac, Abraham, & Richards, 2019).

Nonetheless, despite the popularity and success of challenger marketing in the industry, most academics and sales educators remain unaware of the philosophy behind challenger marketing. Few scholars are familiar with challenger marketing. Despite this, they have unfairly discredited its novelty and, ironically, questioned its applicability to practice, despite the concept's emergence from the industry. This may be due to a cursory understanding about the concept (e.g., Inks, Avila, & Talbert, 2019; Rapp, Bachrach, Panagopoulos, & Ogilvie, 2014).

To address this knowledge gap, this article endeavors to clarify the concept of challenger marketing through interrogation. More specifically, the interrogative approach is suitable for providing a rich understanding through answers from questions developed using six function words: what, when, who, why, how, and where. To this end, this article begins by addressing what challenger marketing is, followed by when it was developed, who engages in it and why, how challenger marketing challenges the orthodoxy, and finally, where future research can fertilize challenger marketing.

2. What is challenger marketing?

Challenger marketing is a concept that encapsulates the powerful ideas captured in two best sellers: *The Challenger Sale* and *The Challenger Customer*.

In *The Challenger Sale*, the challenger approach to business-to-business marketing calls for salespeople to assume the roles of knowledge brokers, geared toward building constructive tension among prospects, or the intellectual dialectic between the actions of prospects and what prospects could be doing, using a novel, four-pronged approach: unteaching, teaching, tailoring, and taking control. More specifically, unteaching relates to influencing prospects to discard preconceptions or previous knowledge about their business, such as pre-existing beliefs about business needs and know-hows in business operations. Teaching relates to sharing commercial insights that prospects have not considered, such as new and meaningful insights about the prospect's business, customers, and markets and where the pain of the same is greater than the pain of change. Tailoring relates to identifying the value drivers that resonate with prospects and address their biggest

E-mail addresses: lim@wengmarc.com, marclim@swin.edu.au, wlim@swinburne.edu.my.

<https://doi.org/10.1016/j.indmarman.2019.08.009>

Received 24 November 2018; Received in revised form 15 August 2019; Accepted 15 August 2019

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concerns and issues, leading to individual buy-in and organization-wide support, such as the obstacles that prospects will need to overcome to achieve the business outcomes they seek and ensure that challenger marketers are positioned as the best suppliers. Finally, taking control relates to driving momentum in the exchange process in favor of the challenger marketer, such as driving agreement among the buying group on the problem to solve and the type of solution that can address it in a supplier-agnostic manner.

In *The Challenger Customer*, the challenger approach to business-to-business marketing stresses the importance of taking a buyer-centric approach to pipeline management. This is achieved by engaging with prospects who are inherently committed to bringing about the necessary changes to nurture organizational growth. Such prospects are known as mobilizers and can be identified when challenger marketers assign prospects tasks, such as researching a company project or process and presenting their findings, or testing prospects' degree of influence by asking them to schedule a meeting and observing who attends. Once mobilizers are identified, the challenger approach calls for salespeople to coach mobilizers to engage the buying group in collective learning interactions, or constructive debates in which members of the buying group acquire knowledge together by exploring uncertainties, discussing disagreements and conflicting priorities, seeking different viewpoints, considering alternative courses of action, and establishing mutual support. Salespeople can amplify their influence as knowledge brokers and strategic teachers in this process by helping mobilizers develop a plan for building consensus, confirm that their organization understands its true problem and the optimal course of action, address any remaining concerns, establish negotiable points, and secure stakeholder commitment to progress the deal.

More importantly, the seminal empirical study on challenger marketing by Lim (2019) identified and bridged the gap between the seller perspective in *The Challenger Sale* and the buyer perspective in *The Challenger Customer* by coining the A-C-O-W customer organization profiling matrix. This matrix helps challenger marketers identify and evaluate the extent to which customer organizations are suitable for challenger marketing. This valuable tool suggests that customer organizations who are suitable for challenger marketing are those that have the aggressiveness to succeed (A), compatible offerings (C), an openness to new ideas (O), and a willingness to act (W). If executed properly, challenger marketers should be able to identify customer organizations with mobilizers who are suitable for challenger marketing, reframe how prospects in customer organizations think about their own business, and lead these prospects to value and pay for the incremental performance delivered through challenger marketing.

3. When was challenger marketing developed?

Challenger marketing originated at a time when many business organizations were facing the tough conditions of the Great Recession in 2009. During this time, Matthew Dixon and Brent Adamson—lead authors of *The Challenger Sale* and *The Challenger Customer*—recognized that a topic focusing on the exceptions, particularly salespeople who were succeeding in this environment almost beyond any reasonable expectations, would be novel and interesting enough to have resonance beyond the clients of CEB, a business management consulting company with which they were affiliated. Hence, the authors set out to move beyond publishing reports that help clients to do things differently based on rigorous research. The resulting book, *The Challenger Sale*, published in 2011, adopted a seller perspective to answer the fundamental question of what exceptional salespeople do to succeed in challenging environments. *The Challenger Customer*, a sequel published in 2015, used a buyer perspective to describe the challenges in selling to a group of buyers (the buying group) with different goals and priorities. Through the buyer lens, the text also explored solutions to gain group consensus and drive the buying process. Fast forward to 2019, *The Challenger Sale* and *The Challenger Customer* have become “must-reads”

for salespeople dealing with prospects in the business-to-business marketplace. The challenger approach popularized by these best sellers has also ignited academic interest, with empirical findings (Isaac, Abraham, & Richards, 2019; Lim, 2019) and scholarly debates (Inks et al., 2019; Rapp et al., 2014) emerging and gaining visibility in the business-to-business marketing literature.

4. Who engages in challenger marketing?

The challenger approach to business-to-business marketing typically involves salespeople who are challengers (i.e., challenger marketers) and prospects whose key point of contact are mobilizers (i.e., challenger customers).

The Challenger Sales introduced a typology of salesperson profiles—that is, challenger, hard worker, lone wolf, problem solver, and relationship builder—that was developed based on a survey of more than 6000 salespeople from nearly 100 companies with business customers across diverse industries around the world. Further, it was developed based on 55 different attributes that encompassed attitude, behavior, competencies, and knowledge. More specifically, challengers are salespeople who have a high level of business acumen, a strong understanding of their prospects' business needs and industry, and great willingness to push their prospects to question their existing assumptions and behaviors. Hard workers are salespeople who are willing to travel the extra mile and invest as much effort as is required to achieve a goal. Lone wolves are salespeople who are highly independent and operate largely based on “gut feel” to deliver results. Problem solvers are salespeople who focus on granular details to ensure that problems are solved. Finally, relationship builders are salespeople who focus on building positive personal relationships with their prospects. Of the five profiles, the challengers were found to outperform hard workers, lone wolves, problem solvers, and relationship builders in sales performance. This finding was attributed to the superior ability of challengers to unteach and teach for differentiation, tailor the value proposition for resonance, and take control of the sale process. More importantly, the authors recognized that most salespeople may possess competencies that resonate with those present in more than one profile; competencies are not necessarily mutually exclusive. Thus, it must be stressed that the focus should be less about the naming of the profiles and more about the dominant or most active competencies that distinctly characterize each profile.

The Challenger Customer focused on a typology of customer contact profiles—that is, go-getters, teachers, skeptics, guides, friends, climbers, and blockers—that was developed based on an analysis of 700 unique business-to-business purchases. More specifically, go-getters are customer contacts who act on great insights, as they are constantly searching for effective ideas for organizational improvement. Teachers are customer contacts who are especially skilled at persuading others to take a specific course of action; they are often sought out by their colleagues due to their passion for sharing insights. Skeptics are customer contacts who are wary of large, complicated projects; thus, they typically counsel careful, measured implementation when championing new ideas. Guides are customer contacts who are willing to share informal news in the organization; thus, they have the capability to furnish information that is typically unavailable to outsiders. Friends are customer contacts who are readily accessible and willing to help outsiders network with insiders of the organization. Climbers are customer contacts who focus on personal gain and expect to be rewarded when projects succeed; thus, they typically support projects that will raise their own profiles within the organization. Finally, blockers are customer contacts who are strongly oriented toward the status quo; thus, they typically have little interest in speaking with suppliers outside their existing networks and supply chains.

The analysis also showed that average salespeople in business-to-business marketing gravitate toward three stakeholder profiles: guides, friends, and climbers, a group that the authors labeled as talkers.

Customer contacts who are talkers are ostensibly appealing, as they tend to be accessible, personable, and willing to share insider information. However, talkers are poor at building the consensus necessary for complex buying decisions, which in turn makes them less suitable for business-to-business marketers whose main goal is to close rather than promote a deal. Instead, the analysis revealed that high-performing salespeople in business-to-business-marketing pursue three stakeholder profiles that are far better at generating consensus: go-getters, teachers, and skeptics, a group that the authors referred to as mobilizers. Customer contacts who are mobilizers appear challenging, as they tend to focus on their own organization rather than the marketer's organization due to their focus on driving productive change for their own organization. Given this focus, mobilizers perceive salespeople who engage in endless questioning and needs diagnosis as of lesser value than salespeople who engage in large-scale, disruptive ideas and share insights about what they believe customer organizations should be doing. Mobilizers are typically active in asking salespeople tough questions as the go-getters want to do, the teachers want to share, and the skeptics want to test. More importantly, similar to the typology of the salesperson profile, the authors emphasized the importance of focusing on the dominant behavior rather than the naming of each customer contact profile.

5. Why engage in challenger marketing?

Challenger marketing is a concept that has emerged in response to disruptive changes in the business-to-business marketplace—that is, the greater availability of comparative information online and the increasing complexity of the buying process—that had propelled a significant transformation in the currency of the relationship between salespeople and prospects.

Most salespeople have traditionally relied on needs diagnosis as a sales strategy when making sales calls to prospects. Salespeople using this strategy typically ask prospects the age-old question of “what keeps them up at night”, with the hope that prospects will offer information that salespeople can leverage to attach their value proposition. However, the research informing *The Challenger Sale* and *The Challenger Customer* suggests that prospects in the contemporary marketplace consist of complex buying groups of an average of 5.4 people who often fail to agree. When they eventually do agree, to a certain extent, they will be 57% through their buying decision when they reach out and talk to suppliers. This implies that contemporary prospects cut salespeople out of their learning, obtaining most of their information from external sources, and delaying their contact with salespeople to a later stage in the buying process. When they do eventually consult salespeople, prospects would likely have found, or believe that they have found, an appropriate solution to their business needs. They perceive that their only remaining task is to search for a supplier to deliver that solution and meet their business needs at the lowest possible cost.

The challenger approach to business-to-business marketing recognizes and responds to significant shifts in buyer behavior by redirecting salespeople from asking to telling prospects what (should) keep them up at night. That is, the currency in selling to today's information-powered prospects has shifted from needs diagnosis to knowledge brokering, in which salespeople leverage both knowledge and knowledge-distribution resources to unteach preconceptions, teach prospects something they have not been able to learn independently, and share insights tailored to the business and industry of prospects so that they are better informed when communicating to their customers and stakeholders about what is (more or less) important.

6. How does challenger marketing challenge the orthodoxy?

Challenger marketing is a novel, provocative concept that challenges three commonly accepted views in business-to-business marketing. First, challenger marketing originated from practice rather than

academia through two best sellers led and written by Matthew Dixon and Brent Adamson. In particular, the premise of most industry-related sales books is often based on anecdotes and personal experience, which are undeniably important and valuable, but nonetheless, may not be entirely representative of the field. In contrast, the premise of *The Challenger Sales* and *The Challenger Customer* was not predicated on anecdotes and personal experience. Rather, it was informed by empirical research data as the authors—management consultants at CEB—were in a unique position of selling research and research insights to organizations, which in turn allowed them access to hundreds of chiefs of sales and thousands of salespeople working under them on an ongoing basis throughout the year. Through conversations, observations, and surveys, among other methods, the authors were able to do what many authors of sales books could not: triangulate and validate salespeople's experience with empirical data.

Second, challenger marketing recognizes that the stakes in closing a deal are much higher today than they were in the past. In particular, challenger marketing, as a concept, challenges the relevance of solution marketing¹ and relationship marketing² in the contemporary marketplace. This relevance has been largely marred by disruptive changes of customers deferring contact with salespeople to a later stage in the buying process due to greater availability and accessibility to information online and growing complexities of buying groups. These modern changes in the way customers learn and buy have no doubt reduced the effectiveness of solution marketing and relationship marketing. This is because the value of building constructive tensions in customer minds through alternative and counterintuitive insights about the customer's business and industry offered through challenger marketing is arguably superior than the value of engaging in needs diagnosis in solution marketing and in being likable, friendly, and generous with time (as advocated by relationship marketing). Further, challenger marketing does not challenge the importance but rather the nature and goals of relationships and the means by which salespeople will achieve these relationship goals with customers in today's business-to-business marketing environment.

Third, challenger marketing is a concept that challenges the orthodoxy of time-to-credibility in business-to-business marketing. In the past, credibility, a precursor to trust, was thought to be built over time, which makes it difficult for suppliers that want to replicate this highly valued attribute—typically associated with experienced salespeople—in new sales recruits. Indeed, many supplier organizations are frustrated that only their senior salespeople are capable of customizing solutions to their prospects. Further, with the aging of the salesforce across many different industries, many suppliers have begun to worry about the daunting situation of deploying young salespeople recruited straight from business schools for sales calls to senior management in customer organizations, especially major, global organizations in the Fortune 500 index. However, with challenger marketing, today's suppliers have a sales strategy that they could leverage to accelerate the process of building credibility among salespeople. More specifically, commercial insights, which characterize the hallmark of challenger marketing, are typically developed by suppliers; thus, salespeople, from the perspective of challenger marketing, are simply a window into the world of supplier insights. The curation and supply of these insights are especially important to salespeople, particularly junior personnel, as they empower them to develop a credible story, supported by data, to teach prospects about an opportunity (such as to make or save money), which they may not have considered or observed previously. In doing so, the challenger approach to business-to-business marketing accelerates the time-to-credibility process among salespeople, and in turn,

¹ Solution marketing encourages salespeople to engage in needs diagnosis with prospects to identify and address issues with appropriate offerings.

² Relationship marketing encourages salespeople to build personal and social relationships with their prospects.

increase their likelihood of winning, retaining, and growing their sales over time.

7. Where can future research fertilize challenger marketing?

Notwithstanding the extant contributions and novelty of challenger marketing, this article contends that the role of research in fertilizing the concept even further is not only exciting, it is also promising. To generate additional and meaningful scholarly contributions on challenger marketing, this article offers three potentially fruitful directions for future research.

First, the knowledge infrastructure that suppliers build and invest in plays an important role in empowering challenger marketers to constructively challenge how prospects think about their business. However, little is known about the construction and establishment of knowledge infrastructure and the types of investments that complement and nurture it. Thus, future research is encouraged to shed new light on how suppliers can approach building a knowledge infrastructure that is suitable for challenger marketing as well as the types of support, training, and development required to orientate salespeople to leverage the insights curated and supplied through this knowledge-distribution resource.

Second, the tensions that arise from challenger marketing are supposed to be constructive and lead to sales outcomes in favor of challenger marketers. However, the state of being mentally or emotionally stretched may produce undesired consequences for salespeople who have only a superficial understanding of challenger marketing. In turn, they may fall into the trap of challenging the less-appropriate customer contacts and customer organizations. Therefore, future research is encouraged to explore for mechanisms that suppliers can adopt to avoid and manage unintended stimulation of undesired tensions, including strategies related to sales and post-sales recovery for challenger marketing.

Third, the nature versus nurture debate is another promising area for future research on challenger marketing. In particular, the authors of *The Challenger Sale* and *The Challenger Customer* noted that natural-born challenger marketers exist and that salespeople who do not have challenger competencies can be nurtured. However, the extent to which the latter can be nurtured remains unclear and represents an important question that warrants further investigation to shape our expectations on the extent to which a shift from a non-challenger to a challenger profile can be expected (e.g., should we expect a profile shift or a marginal increase in a non-challenger's challenger quotient?). Moreover, though natural-born challenger marketers may be relatively small in number—roughly 17% based on the authors' research—this article contends that it might be worthwhile to explore the differences between challenger marketers who are natural-born versus those whose challenger competencies are nurtured over time. Such an investigation is likely to shed light on whether natural-born and nurtured challenger marketers could or could not be managed in the same way.

8. Conclusion

In summary, the challenger approach to business-to-business marketing is a sales strategy that is especially novel, as it is a concept that not only emerged from practice but is also supported by extensive data from the industry. Suppliers who engage and invest in challenger marketing are well positioned to weather the disruptive changes characteristic of today's business-to-business marketing environment, in

which buyers delay contact with suppliers as a result of growing complexities among buying groups with greater access to information available online. More specifically, customers today have become less interested in entertaining salespeople who exclusively employ age-old tactics in solution and relationship marketing. Instead, today's information-powered customers are more interested in engaging in constructive debates and discussions with salespeople who can enlighten them on new insights and opportunities that can drive productive change in their own organizations. Salespeople who intend to constructively challenge how prospects think can do so by unteaching and teaching for differentiation, tailoring the value proposition for resonance, and taking control of the sales process. To increase the likelihood of winning, retaining, and growing sales over time, salespeople using challenger marketing should target customer organizations that have an aggressiveness to succeed, compatible offerings, an openness to new ideas, a willingness to act, and prospects whose customer contact are mobilizers. Nonetheless, challenger marketing remains a relatively young field of study. Thus, future research, especially in the academic and scientific communities, on potentially fruitful areas—such as the development of knowledge infrastructures capable of delivering strong commercial insights, strategies to manage unintended tensions, and the management of natural-born versus nurtured challenger marketers—is highly encouraged. More importantly, it is hoped that the current insights and future research directions herein will lead to greater recognition and visibility of challenger marketing among academics and salespeople alike.

Acknowledgement

No conflict of interest and no funding received.

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Weng Marc Lim is the Head of the School of Business at Swinburne University of Technology. His research interests include business-to-business marketing and challenger marketing. He has recently published an empirical piece on challenger marketing in the *Journal of Business and Industrial Marketing*. He also holds a doctorate in business and economics from Monash University and several post-doctorate certificates in leadership and pedagogy from Cornell University and Harvard University. To date, Marc has published in the *European Journal of Marketing*, *Industrial Marketing Management*, *Journal of Business Research*, *Journal of Business and Industrial Marketing*, *Journal of Business-to-Business Marketing*, *Journal of Strategic Marketing*, *Marketing Intelligence and Planning*, *Marketing Theory*, *Journal of Information Systems*, and *Journal of Information Science*, among others. Contact: @limwengmarc on Instagram and Twitter or his personal homepage at <http://www.wengmarc.com>