



► The Future of B2B Sales

How sales organizations
must adapt to changing
demands and markets

INSIGHTS

//01

A new demand of B2B buyers is fueling a paradigm shift.

//02

A global competitive environment waits for no one and inevitably transforms B2B business models.

//03

Traditional sales limits must be breached to exploit the enormous potentials.

Introduction

Organizations are facing major challenges in Business-to-Business (B2B) sales. Many of them have not kept pace with rapid changes and are still doing what they have always done. They were largely resistant to earlier disruptions given that their work was primarily based on relationships with customers.

However, the challenges for sales organizations have broadened and grown more complex, extending beyond relationships. Not only has technology turned sales upside down, but customers and markets have changed at a rapid

pace. Figure 1 offers an overview of key challenges for B2B sales, with customer behavior and preferences constantly shifting, and continuously transforming markets which result in increasingly complex product and service offerings.



Changing demands

A new expectation in B2B



Transforming markets

A new global environment

Increased complexity

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Figure 1. Key B2B sales challenges

In the midst of this new reality, sales organizations must evolve, with several challenges completely redefining what it will take to be a sales leader over the coming years. New technology will continuously transform established working habits, alter the products and services sold, and elevate sales to a higher order of involvement with customers. Digitalization is not only changing the business-to-customer (B2C)

sector at all levels; the business-to-business (B2B) sector must also think about how it will align its business models in the future. What matters now is translating traditional skills into an approach that is responsive to these new challenges. But what are the underlying challenges, and how do they transform sales organizations in B2B?

01 | Changing demands

CHANGE IN B2B DECISION-MAKER DEMOGRAPHIC

A new generation is moving up into positions of power—with new values, habits, and information processing. According to a study of "millennial" buyers by Merit (2017), some 73% of 20 to 35-year-olds in the US were involved in product or service purchase decision-making in their companies. One third even reported being the only decision-maker in their department. (1) Accordingly, the majority of B2B decision-makers today are millennials, the generation born between 1981 and

1996 initially known as Generation Y. Millennials are digital natives, and (new) technology plays a major role in their personal and work lives. Thus, it is not surprising that there is this new online affinity among B2B customers. They value a smooth, omni-channel client experience tailored to their specific needs. They want data, speed, and trusted advisers who are enthusiastic about collaborating. They favour consensus, transparency, and social responsibility (see figure 2).



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Figure 2. Today's B2B buyer

Today, the same people who do online banking, book travel on their smartphone, and shop from their tablet are also B2B customers. Millennials consider internet searches, vendor websites, coworkers, and peers as their primary information streams, with younger millennials especially favouring social media. In alignment with the instant rewards they enjoy in their private life online, millennials prefer pieces of information that are "to the point" instead of a

lengthy phone call to a salesperson or formal negotiations. So in their search for a product or service at work, their expectations are high. Expectations they have adopted from B2C. So how can sales leaders satisfy this new generation best? Regardless of the company's size, type, or industry, B2B sales organizations must not only create a customer experience that never disappoints but instead exceeds the expectations of this new generation of customers.

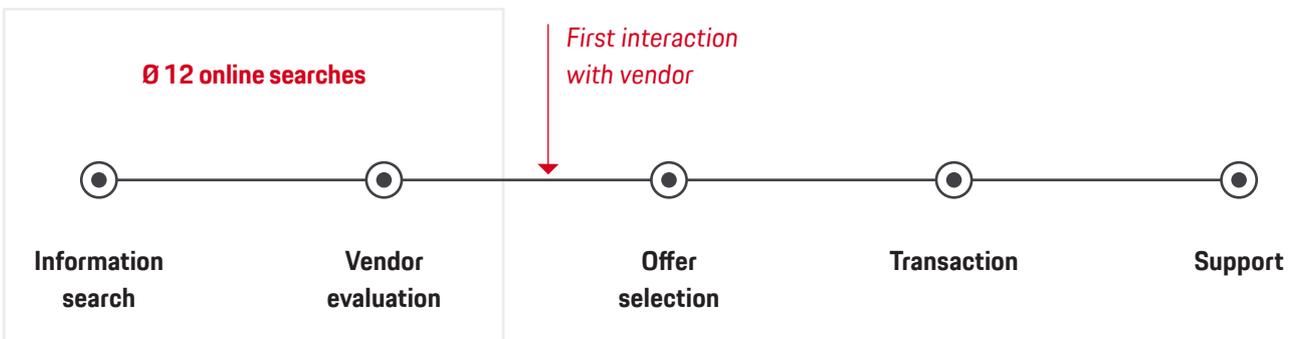
THE EXPECTATION FOR SEAMLESS MULTI-CHANNELS

A single channel is not enough for this new generation of decision-makers. According to Gartner research (2016), B2B marketing campaigns that integrate four or more digital channels will outperform single or dual-channel programs by 300%. (2) An increasing number of customers are moving across all channels to get what they want, when they want – and this is true for B2B customers as well. 82 percent of B2B customers want the same experience as when they are buying for themselves.” (3) To ensure such an experience, a successful ecosystem concept must be implemented. An ecosystem that allows customers to easily switch between channels while still receiving the same information and service quality. Its proper execution can be vital to ensuring consistency, raising profitability, and solidifying customer relationships—all essential to surviving in highly competitive markets, which will be further addressed in this paper. To ensure such consistency across all channels, B2B sales organizations should make sure to coordinate all their product and service information centrally. Sales leaders must focus on removing the pain points in their customers’ interaction and foster a culture of continuous innovation. When done right, a customer-centric organization improves customers’ lives and increases commitment and loyalty. The optimum B2B experience results in satisfied customers who notice the additional value of the product or service—not the channels themselves.

GREATER MARKET TRANSPARENCY AND GROWTH IN CUSTOMER PROCUREMENT CAPABILITIES

Customers today are increasingly self-informed. Think back

50 years: if a company wanted to sell something, the sales representative had to go to the customer. If a customer was interested in information about new products and services, the sales representative had to physically deliver the information. The sales representative was the primary information and communication channel and added value by transferring information between these two entities. Today, however, customers have much more information instantly available, thus much more purchasing choices and bargaining power than ever. Forrester Research (2015) reports that as much as 70% of the B2B buying process is already completed before the buyer even contact a potential vendor. (4) Other studies, conducted by Blue Corona (2019) claim, that B2B customers even perform 12 online searches before interacting with a vendor (see figure 3) (5). This affects customer demand and buying behaviour. Digital platforms are connecting billions of people around the world with things they have heard about, seen, or experienced. B2B customers spend an increasing amount of time on independent research, collecting information on the internet by reading third-party reviews and references on e-commerce websites. By the time a sales representative gets involved, customers already have a wealth of information about company reputation, product specifications, and successes or failures. Salespeople have become secondary points of contact and are generally contacted much later in the sales funnel, if at all. How can B2B sales organizations provide the necessary and expected information? At this crucial moment of contact, they must provide accurate and accessible information about their company on all digital channels. Websites, user forums, webinars and quick case studies instead of sales pitches must be at a companies focus.



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Figure 3. Today's B2B customer journey with customers being much more self-informed (5)

NEED FOR PERSONALIZED CONTENT

Product and service quality alone is no longer enough to win customers; they must be supplemented by tailor-made services. B2B customer experiences need to be tailored to their individualities. In 2016, Gartner predicted that B2B companies that incorporate personalization into digital commerce will increase revenues by 15% (6). Other studies show that seven out of 10 B2B customers expect vendors to personalize engagement (i.e., communication, offers, content) to their needs (see figure 4) (7). This naturally leads to challenges in terms of lead generation. Yet, there is actually little difference between the individualization process on online channels and traditional sales via sales force. The customer will need to be identified so that suitable offers can be made. In addition, special customer requirements must be met and products and services tailored to the customer. The essential difference is that potential customers are anonymous. Customized content can only be presented once website visitors are recognized or their behavior on the website reveals specific interests



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Figure 4. B2B customers expectations (7)

and preferences. Thus, to adapt personalization in B2B, customer profiles should be used to store key customer attributes, which can lead to customer segments that drive relevant interactions. Segmentation is nothing new in sales, but digitalization makes it possible to correlate customer information in a well-structured database. The better sales leaders know their customers' needs, the easier it is to offer personalized products and services that attract, inspire, and retain B2B customers.

DEMAND FOR SUPPORT BEYOND PRODUCT OR SERVICE EXCHANGE

Customer procurement capabilities have been enhanced and power has shifted. The power of one can be quite strong. Although a single customer is unlikely to be the decisive factor in an organization's success or failure, both positive and negative feedback over months and years can have a cumulative impact. From social media to mobile devices, technologies have given customers an unprecedented ability to compare prices, complain loudly, and find the best deals. A study by Salesforce (2019) shows that 77 percent of B2B customers shared a positive experience with others. Implementing strong customer support that goes beyond the traditional call centre will become more important in the coming years. (8) Business customers often—and rightly—have higher expectations for customer service in terms of its availability, competence, empathy as well as reaction time and speed of problem resolution. B2B customer support issues tend to be more complex and take longer to resolve than their B2C counterparts. Consultation with various staff and departments is often necessary to provide a B2B customer with the best solution. The concept of waiting is becoming increasingly foreign in today's world. Quick answers from real-time messaging, self-service tools, or proactive services are growing in importance. Successful organizations must have strong customer support to react quickly to customer signals and take advantage of the close interaction to build trust and confidence.

02 | Transforming markets

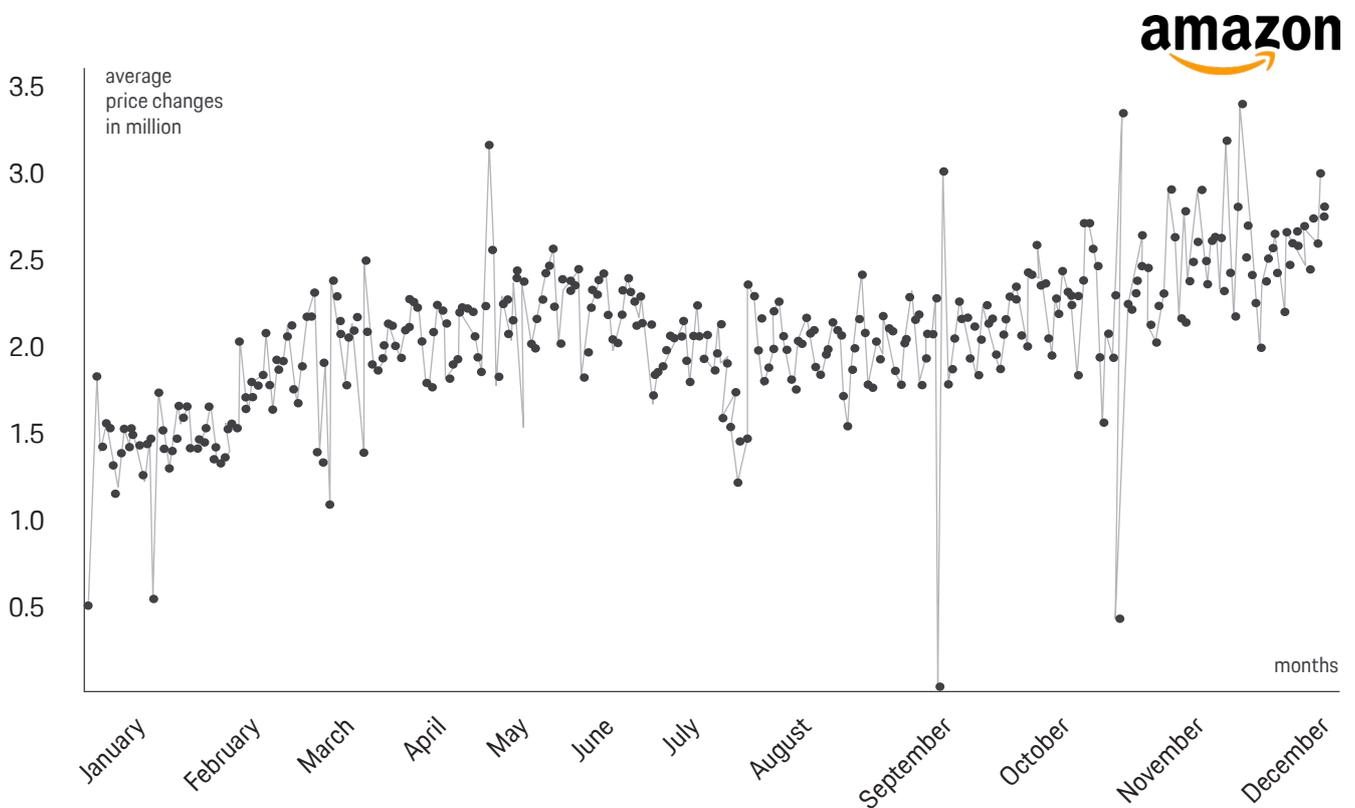
NEW ENTRANTS WITH ALTERNATIVE OFFERINGS AND UNCONVENTIONAL BUSINESS MODELS

The world is connected. Supply and demand have determined the value of a good since the dawn of trade. But in this globalized, digital world, where information is conveyed every second on every network, trade requirements are changing. Trade is no longer the exclusive domain of advanced economies or multinational companies. Numerous organizations like Alibaba or Amazon Business have turned themselves into B2B exporters by joining global e-commerce marketplaces. They have launched on the market at top speed, with new technologies and seemingly unlimited resources, redefining entire industries at a rapid pace. Not only will companies from emerging markets continue to launch globally, but smaller companies around the world will compete on a global scale, some of whom will be situated outside traditional markets. How can sales leaders perform successfully in such a transforming market? A plan of action is essential in dealing with competition. Low-cost

alternatives and downward pricing pressure will be key for sales leaders. Digitalization will continue to put tremendous pressure on business models, and sales organizations must be ready for new cross-national competition and challenges. One is well-advised to adapt to changing customer requirements and to promote innovation, even if it is so radical that it cannibalizes current business models.

THE POWER OF PRICING

The new dynamics in today's global landscape also influence an organization's overall pricing strategy. Conventional methods cannot keep up with the speed and multitude of factors impacting the market. Amazon, for instance, changes prices around 2.5 million times a day. (9) These dynamics also influence B2B pricing in the years to come. Dynamic pricing allows an organization to set flexible prices for a product or service based on current market demand and thus achieve higher profitability and customer reach.



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Figure 5. Amazon's daily price changes (9)

Pricing in the B2B environment is often still carried out using Excel sheets with a basic price, standard discount lists, various quantity scales, and a large number of customer-specific prices. In a globalized world, prices are no longer negotiated at a regular pace, or remain fixed until the next negotiation. A considerable part of the margin is left, thanks to rigid price cycles: for example, if the price of copper rises, the price of products with copper components should rise simultaneously. If B2B organizations do not adjust sales prices promptly, the margin will shrink or, in the worst-case scenario, disappear. The solution might be AI-based or dynamic pricing. The application of dynamic pricing in B2B commerce is still rather weak, but parallels can again be drawn from B2C. The algorithms used in B2C can be adapted and tailored specifically to the B2B sector. The foundation is a solid database. The input data required for dynamic pricing—customer master data,

purchasing behavior, payment history and the like—can be taken from the CRM or ERP system. Through dynamic pricing, sales leaders could retain customers while reducing resources and costs. Proper execution positively impacts

- ▶ **profit margins,**
- ▶ **conversions,**
- ▶ **competitive advantage,**
- ▶ **sales,**
- ▶ **customer satisfaction,**
- ▶ **and brand image.**

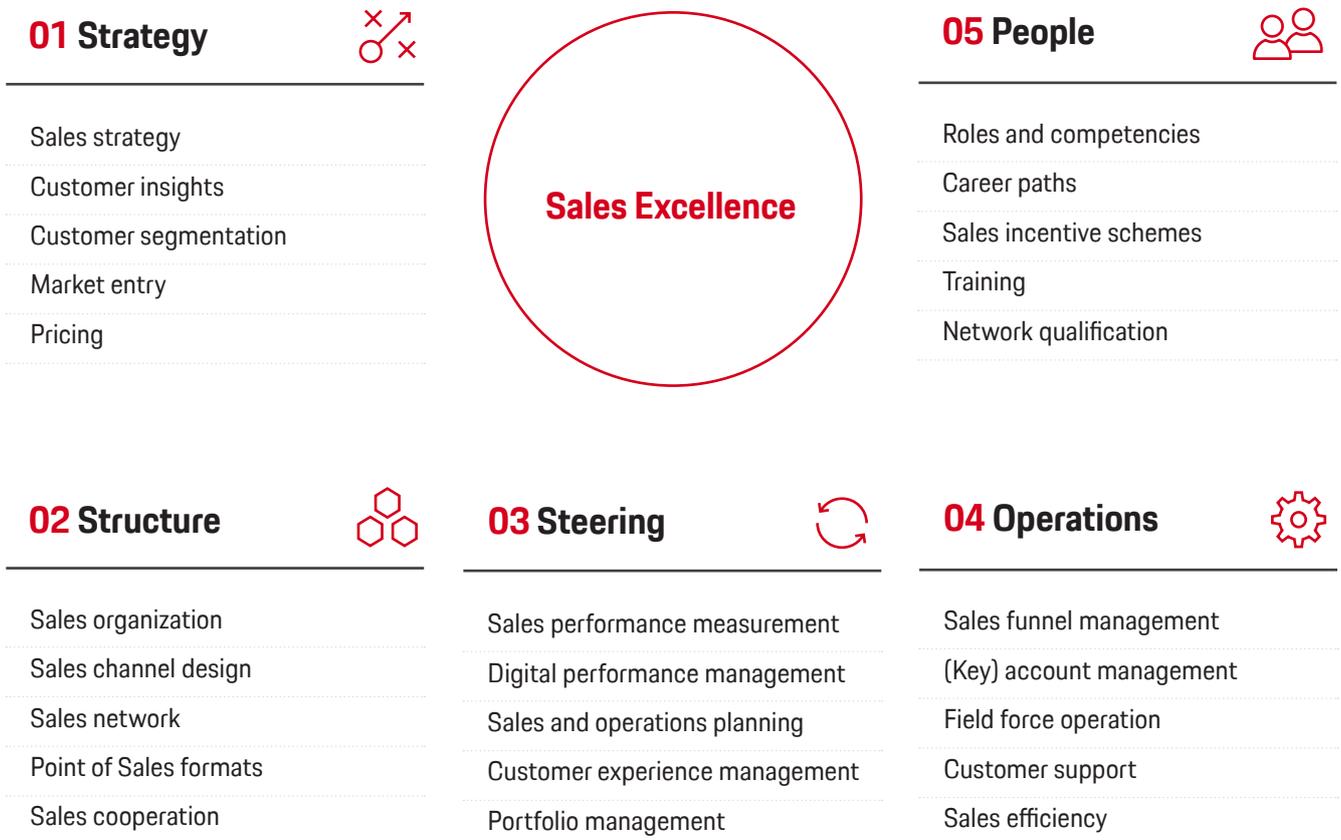
In the future, the above-mentioned skills in B2B sales will become fundamental to staying one step ahead of competitors.



What's next?

Delivering on these challenges will prove to be a difficult balancing act for sales organizations. The answer is clear to us: these new challenges must be merged with traditional levers that have remained effective. A dedicated sales excellence program can have a significant impact on some of the aspects

stated above. While the challenges necessarily vary across sectors, we have observed activities that are now required for all sales organizations. This paper presents five building blocks that provide sales organizations with an individual path towards sales excellence.



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Figure 6. Porsche Consulting's framework for sales excellence

Kickstart your future B2B sales today



01 | Build a winning **sales strategy** according to the building blocks stated above. This includes a diagnosis of where and why your organization makes money in the present, a forecast of how that might change in the future, an understanding of the potential pathways to sales success, a portfolio of initiatives, and a commitment to drive change. Develop new sales business models supported by a multichannel sales strategy and powered by smart digital investments. Invest ahead of demand by continuously monitoring economics, customer trends, and other relevant forces to identify key trends each year. Make it a standard process in your organization.



02 | Develop a **sales structure** that addresses market and customer needs. Integrate the sales department in a way that best suits your organization. If things have changed, restructure. Keep in mind the latest trends when establishing new sales channels, such as digital exposure, dynamic pricing, or personalization. Maintain an entrepreneurial problem-solver and enable an easy and convenient purchase experience. Aim for a holistic ecosystem to serve today's customer needs. Constantly review the customer journey and buying behaviour to design relevant customer interfaces and develop new points of sale. Set up an effective sales network and transform, if necessary. Consider appropriate sales cooperations and partners to lower costs and increase revenue through such methods as cross-selling, developing new customer segments, or creating stronger brand awareness.



03 | **Steer your sales** in today's rapidly changing market. Install measurements and control mechanisms to ensure high customer satisfaction at every point of contact. Develop full sales potential at all points of contact by streamlining sales and services and complementing your customer portfolio. Focus on efficient control of all sales and service activities across the entire (dealer) network. Integrate your sales planning in your strategy and operations. Track, oversee, and organize all interactions of your customer experience to establish emotional bonds between you and your customers. Manage and help your organization to focus purely on customer needs.



04 | Set up **sales operations** for growth. Imagine a perfect day for your sales people and set standards accordingly. Adjust operations continuously to enable employees to achieve these standards. Optimize resources to increase operating speed for quick wins. Establish (key) account management to leverage the loyalty of strategic accounts, improve efficiency to better serve customers, and minimize market risks. Continuously improve on your customer support—not only to retain customers but also to attract new ones. Analyze your sales funnels and increase the number of closed deals. Deploy your sales force, considering the right allocation of the sales effort, the right size sales force, and the right territory design.



05 | Invest in and focus on **the right people**. Examine the competence level of your salesforce. Is every employee focusing on the customer? Opportunities lie fallow or are overlooked on many customer journeys. Without investing significantly in the right talent, CSOs will achieve very little. Hence, define clear roles and competences, including career paths and incentive schemes. Train and coach your employees on new trends on a continual basis to unleash the right sales, service, and operational capabilities and technologies. Build a network of the most competent salespeople.

The boundaries between B2C and B2B are already faded. As our private and professional lives—and the technologies driving them—become increasingly intertwined, these boundaries are likely to disappear altogether. The challenges for sales leaders will continue to grow—as will expectations to overcome them. There are no simple solutions. Nevertheless, we believe that organizations that do not adjust their B2B sales organization to the new requirements outlined in this paper will fall behind their competitors and may never achieve sales excellence. Porsche Consulting's framework is a practical blueprint to guide sales organizations to sales excellence in today's world.

IN BRIEF

- 01** The boundaries between B2C (Business-to-Customer) and B2B (Business-to-Business) sales are already blurred and are likely to disappear in the years to come.
- 02** Today's B2B customers expect a broader selection, faster delivery, deeper product information and a higher degree of personalization—all accessible through multiple channels and devices.
- 03** Markets are transforming and a new global environment put tremendous pressure on traditional B2B companies.
- 04** There is an enormous potential for technological advancements to cope with the resulting product and service complexity.
- 05** B2B sales organizations must now take a huge leap beyond traditional limits.
- 06** Porsche Consulting recommends five building blocks to master these challenges, benefit from the opportunities and achieve sales excellence.

Further reading



Thinking from the customer's point of view



Spotlight on Corporate-Wide Efficiency Programs



Brand Evolution or Revolution

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Appendix

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