



THE BOSTON CONSULTING GROUP

BRINGING YOUR DIGITAL B2B SALES UP TO SPEED

By Just Schürmann, Vikas Taneja, Phillip Andersen, Basir Mustaghni, Jan Wieseke, and Christian Schmitz

THE FUTURE OF B2B sales is digital. Already half of B2B buyers are millennials, whose preference for digital interactions is quickly reshaping the customer journey and how buyers communicate with suppliers. In fact, companies with the most sophisticated digital B2B sales organizations are already enjoying significantly higher profits than companies with less developed digital capabilities. And they plan to invest twice as much as others over the next five years—which puts them in a position to widen their advantage.

In many ways, what's happening in the B2B space has been playing out in the B2C space for the past 20 years. And the lessons for B2B players are sobering. Today, many retailers and malls in the US are facing an existential threat, while a single player, Amazon, captured 50% of all online sales growth in 2016 thanks to its digitization of sales and marketing and its customer-centric focus. We're still in the early days for B2B players, but for digital laggards the window of opportunity to digitize operations and get ahead of the competition is closing fast.

As we observed in a previous article, “Five Selling Secrets of Today’s Digital B2B Leaders” (April 2016), digital B2B sales champions are better than other companies at understanding the customer journey and tracking customer data; they have also stopped cold-calling and are redesigning inside sales. We recently conducted an extensive survey of 723 European and global companies that backs up our earlier qualitative research. The new survey pinpoints the exact factors that lead to success. In this article, we identify steps a company can take to get a digital sales initiative off the ground or to accelerate one already in progress.

Improved Insight Is Needed

One of the most surprising findings of the survey is how the customer journey is evolving. Increasingly, significant portions and decisive moments in these journeys are occurring before the first personal contact between buyer and seller. Customers are using web marketplaces, search engines, and user review platforms to gather information, se-

lect suppliers, and evaluate offers before making personal contact with the company.

But survey respondents acknowledged that they have poor insight into this early part of the journey because traditional B2B sales organizations are geared toward cold-calling and person-to-person sales. Companies will need a more sophisticated, digitized approach to understand what customers (or potential customers) are doing before they make personal contact with them, or they could lose out on business even before they know they are being considered. (See Exhibit 1.)

Because better insight into the customer journey is so critical, suppliers predict that over the next five years digital marketing will become the most important customer touch point, surpassing classic marketing channels and even the field sales force. As one head of sales at an industrial goods company put it: “Even in our industry, which is heavily project driven and characterized by ‘solution selling’ of complex products and services, we are definitely heading toward significantly greater digitization of internal sales processes as well as of interaction with the customer.”

Identifying Digital Champions

Digital B2B sales champions obviously understand customer journeys better than most. But to learn more fully what elevates

a company to digital B2B sales champion, we took a close look at how each of the 723 companies in our survey managed along five dimensions: understanding the customer journey, optimizing the sales process, optimizing individual channels, integrating across channels, and offering digital tools and training. On the basis of this analysis, a company fell into one of four evolutionary stages for digital B2B sales.

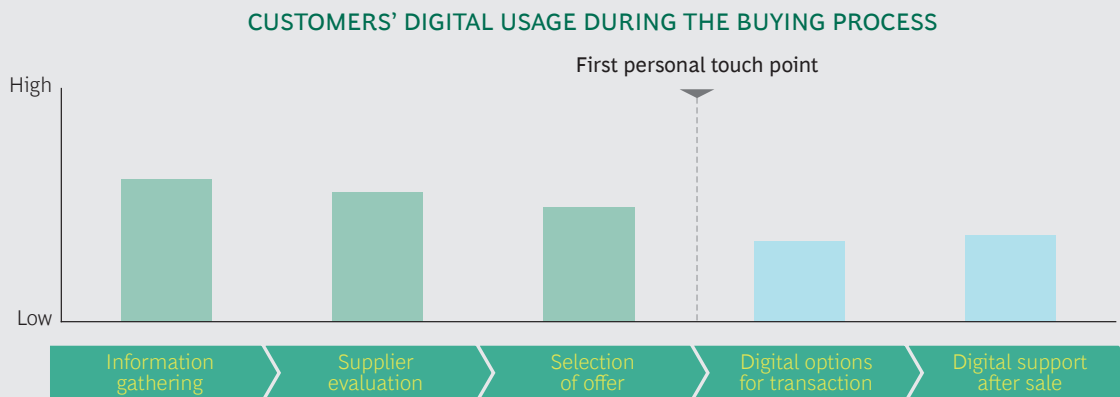
Beginner. These companies had made initial efforts to optimize individual sales channels. Overall, they focused more on product improvement than on sales improvement. There were 134 beginners in the survey, or 19% of the total.¹

Intermediate. These companies had optimized sales channels and processes. But they had little channel integration and no overarching digital sales strategy. This was the biggest group: 344 intermediates, or 48% of the total.

Mature. These companies used their solid understanding of the customer journey to develop digital sales strategies. They also offered digital tools and training to help improve sales performance. There were 168 mature companies in the survey, or 23% of the total.

Champion. The champions had accomplished everything their competitors had and, crucially, had also integrated all digital

EXHIBIT 1 | The Customer Journey Before and After the First Personal Contact



Sources: Survey on digitization in sales in cooperation with the Ruhr University of Bochum (Germany), December 2016; BCG analysis.
Note: There were 723 European and global companies in the survey.

channels and worked proactively to avoid channel conflict. Not surprisingly, these were the rarest: 77 fell into this category, or 11% of the total. Their expertise translated into a clear performance advantage, with EBITDA more than 3 percentage points higher than that of the beginners. (See Exhibit 2.)

Areas of Excellence

A deeper examination of digital champions showed that they excelled in seven specific areas, offering a guide for others looking to redesign their own B2B sales initiatives.

Bold Investment. Digital champions invested significantly in digital B2B sales capabilities and plan to continue investing about 8% of revenues over the next five years. That is twice what digital beginners expect to invest (4%) and more than intermediate companies (5%) and mature companies (6%).

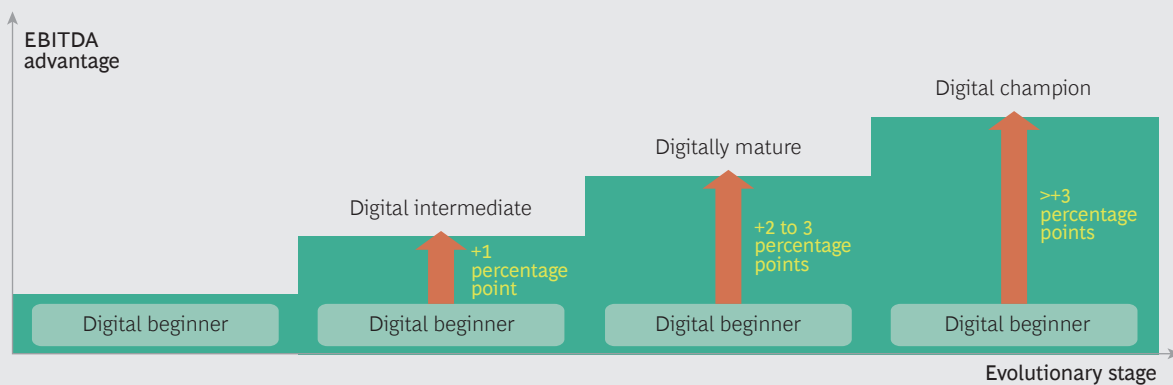
Top-Notch Training. They prioritize performance management and are committed to education to help sales reps develop new digital skills. For example, leading sales organizations train reps to transition from traditional cold-calling with a fixed script to dynamic, personalized “warm calls” based on big data analyses and data analytics tools. Digital also opens up new ways of training, such as gaming, to educate staff in a more engaging and entertaining way.

The Finest Tools. Digital champions use big data analyses to make the sales organization smarter about everything from staff performance to the customer journey to product success. This requires a unified database (for a single source of information), special tools such as real-time KPI tracking, and smart document management. For example, digital sales navigator apps put information about customers, products, and prices at sales reps’ fingertips so they can tailor pitches for each customer.

Keen Customer Insight. They are adept at categorizing the different types of customers they serve, identifying their needs and motivations, and tracking their journeys. Using these insights, they design a marketing and sales experience; some have named a chief revenue officer to lead a unified marketing and sales organization. Champions also define internal functions and roles along the customer journey to achieve positive outcomes.

Modernized Processes. Digital champions have digitized across all sales processes—from inbound marketing to lead generation, offer preparation, customer visits, pricing, and customer retention. For example, they use search engines and social media to generate leads, and account-based marketing tools to personalize marketing pitches. They also use new technologies such as the Internet of Things (IoT) for vendor-managed-inventory systems and optical ordering systems. This allows them, for example, to

EXHIBIT 2 | Digital Champions Enjoy a Significant Earnings Advantage



Sources: Survey on digitization in sales in cooperation with the Ruhr University of Bochum (Germany), December 2016; BCG analysis.
Note: There were 723 European and global companies in the survey.

collect product data to monitor customer penetration and product usage.

Integrated and Expanded Channels. Leading sales organizations are digitizing existing channels and adding new digital and data-driven channels such as inside sales and e-commerce to lower cost-to-serve and to better meet customer needs. They are also giving the sales force specific digital apps to improve performance. In BCG's experience, digitized channels improve productivity by a factor of five to seven.

Seamless Coordination. Digital champions coordinate digital sales across channels and avoid channel conflict by using centralized demand centers that coordinate the activities of all sales channels, such as the web, inside sales, and the field force. These centers design and run marketing campaigns and operations by, for example, using big data to analyze all kinds of web traffic and customer interactions. Digital champions also put the right mix of incentives, pricing, and commissions in place to focus channels on specific product and customer efforts.

One digital champion that incorporates many of the seven areas of excellence is Qiagen, a German medical technology company. Qiagen invested heavily to build a dedicated digital organization equipped with data scientists, digital marketers, user experience designers, and digital IT experts—hired mostly from digital startups. This new organization works hand in hand with the traditional sales team to promote digital along all sales and marketing processes and channels. It also boosts Qiagen's online revenues, which in the first half of 2017 amounted to more than 35% of sales.

The organization is particularly adept at launching digital go-to-market strategies such as inbound marketing, a digitally equipped sales force, and IoT-powered vendor management.

Taking Action

Given that digital B2B sales champions' aggressive investment plans could widen

their advantage in the coming years, it's imperative that companies with less developed digital sales capabilities take action now. Here we outline four steps that companies should consider to begin a digital B2B sales initiative or give a boost to one already in progress.

Assess the status quo. Examine your digital sales organization—including the existing infrastructure and digital capabilities—to understand how it compares with those of digital B2B sales champions. Survey available technologies in the marketplace. Study your customers' journeys, paying careful attention to pain points in your current go-to-market approach.

Define the future. On the basis of the status quo assessment, develop the ideal go-to-market approach. Identify how your company can introduce new functions and channels, as well as how you can optimize existing channels to seize e-commerce and inside sales opportunities. Decide on the ideal channel mix by product group, and develop strategies for multichannel coordination and navigation.

Prioritize and scale initiatives. It's critical to prioritize the most achievable, most beneficial undertakings so that the company can reap rewards as soon as possible. Leading sales organizations use pilots to quickly test new digital initiatives and create excitement in the organization. On the basis of those pilots, they develop a sales playbook and scale initiatives into new markets, continually using lessons learned to improve the sales playbook over time.

Adjust your operating model. To scale initiatives beyond pilots, companies must make several adjustments in their commercial operating model. First, they should acquire some new capabilities, such as digital IT, content production, advanced analytics, inside sales, and e-commerce. Second, marketing should play a much bigger role in generating leads through inbound marketing or account-based marketing. Third, companies need to

review and define the marketing and sales relationship, perhaps with a service level agreement (SLA). Last, they should decide which activities they will handle centrally and which they will handle locally.

ONCE UPON A time, state-of-the-art B2B sales involved little more than cold-calling potential customers, and it could take hundreds of calls to yield a single sale. Today, however, digital technologies, big data, and advanced analytics are dramatically changing how companies go to market and are improving bottom-line results for the best of them.

At the same time, customer preferences for digital interactions are quickly reshaping the customer journey and the way customers communicate with suppliers. Companies that ignore these trends are certain to lose business and fall further behind competitors. Although digitizing B2B sales is not easy, there's still time for digital beginners to catch up, and evidence suggests that their investments are likely to yield immediate results.

NOTE

1. Because of rounding, the percentages in this section do not add up to 100.

About the Authors

Just Schürmann is a senior partner and managing director in the Munich office of the Boston Consulting Group. He is the leader of the Marketing, Sales & Pricing practice for Central Europe, the Middle East, and Africa. You may contact him by email at schuermann.just@bcg.com.

Vikas Taneja is a senior partner and managing director in BCG's Boston office. He is the global leader of the sales topic within the Marketing, Sales & Pricing practice. You may contact him by email at taneja.vikas@bcg.com.

Phillip Andersen is a partner and managing director in the firm's Seattle office. You may contact him by email at andersen.phillip@bcg.com.

Basir Mustaghni is a principal in BCG's Frankfurt office. You may contact him by email at mustaghni.basir@bcg.com.

Jan Wieseke is a professor of sales management and holds a chair at the Sales & Marketing Department of the Ruhr University of Bochum (Germany). You may contact him by email at jan.wieseke@rub.de.

Christian Schmitz is a professor of sales management and holds a chair at the Sales & Marketing Department of the Ruhr University of Bochum (Germany). You may contact him by email at christian.schmitz@rub.de.

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with more than 90 offices in 50 countries. For more information, please visit bcg.com.

© The Boston Consulting Group, Inc. 2017. All rights reserved. 8/17