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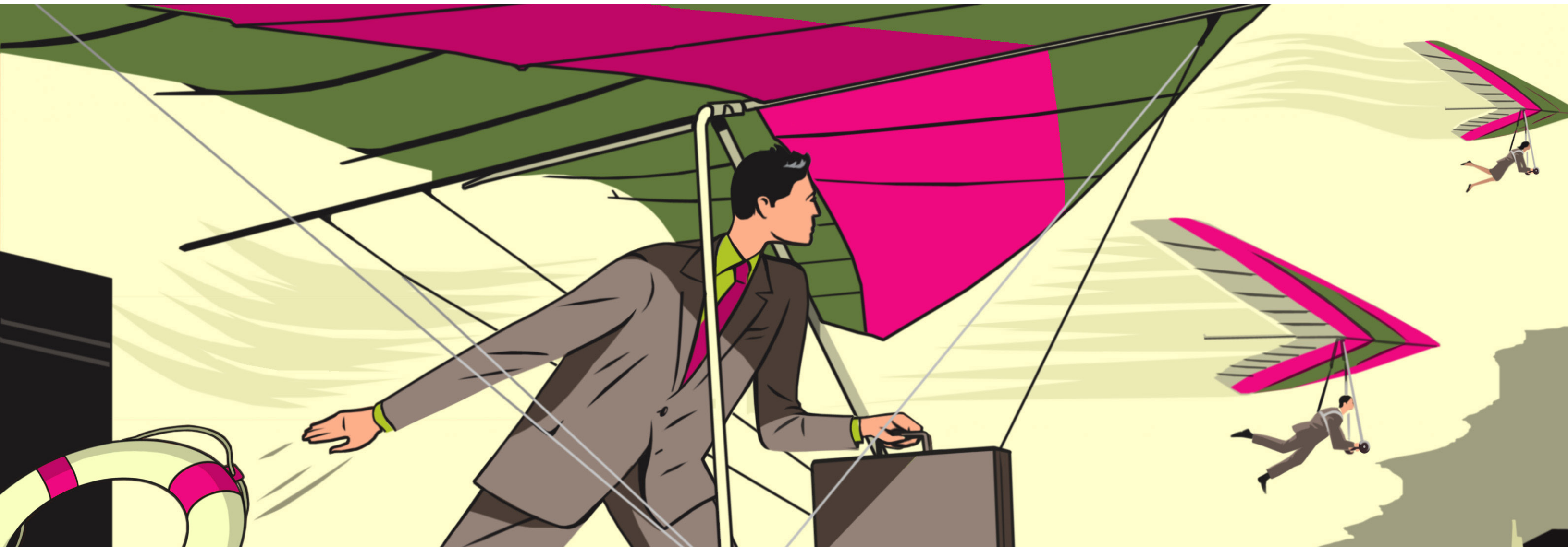
# Three trends in business-to-business sales

**As attention shifts from how to survive to how to thrive, new trends are shaping the B2B universe.**

Christopher Davie, Tom Stephenson, and Maria Valdivieso de Uster



**The way businesses** buy from and sell to each other is changing. While some trends were emerging before the recession, the downturn has accelerated their adoption to create a very different business-to-business (B2B) sales environment. To find out how the B2B sales world has changed, we went directly to our clients, interviewing senior sales executives who are collectively responsible for more than $150 billion in sales, as well as buyers, at leading global companies across a range of industries.

Our clients identified three primary trends that will demand a place on the agendas of B2B sales organizations over the next three to five years. These trends are rapidly dominating the B2B landscape as both customers and vendors seek to maximize returns and minimize costs.

First, customers have become more demanding, insisting on both off-the-shelf products and more complex, customized solutions—with different levels of sales support. Companies accustomed to selling products and walking away are being forced to prove how they add real value. Second, companies servicing larger managed accounts are exploring lower-cost ways to make clients happier and to generate sales growth. Finally, organizations large and small are following the lead of business-to-consumer (B2C) retailers such as Amazon.com by making smarter use of customer data to predict behavior, drive sales, and deepen relationships.

## Customers want it all

Customer needs are becoming more diverse and often change from day to day, putting tremendous strain on the resources and capabilities of sales organizations. Most of them rely on low-cost sales channels, such as online and telesales, for smaller customers and on high-cost channels, such as face-to-face sales, for key accounts. Yet customers increasingly want simple, fast, and inexpensive transactions, on the one hand, and highly complex solutions designed by experienced (and often global) teams, on the other. The result is that B2B companies are simultaneously overinvesting or underdelivering for customers as these changing needs outpace their capabilities.

So B2B sales organizations are struggling on three fronts. First, they need to develop flexible multichannel models that can seamlessly handle each type of transaction cost effectively. One major transport and logistics provider, for instance, is investing heavily in its online transactional capabilities to provide more responsive service for simple sales at lower cost while freeing up time for account managers to focus on high-value sales.

Second, contracts for high-value transactions are becoming increasingly complex, often including risk-sharing and service-level agreements as customers ask vendors to “put more skin in the game” to ensure that they stay committed to providing real value. An offshore oil-and-gas-equipment business, for example, recently shifted from a standard daily-rate fee structure to one based on throughputs, run times, or market indexes. In addition to posing challenges for the back office, this approach required sales to develop new skills to create deal structures that maximize the company's upside while minimizing its risk exposure.

Finally, gone are the days when the same sales representative could offer all products to all buyers. Salespeople are being required to sell more and more products and solutions as a result of industry consolidation, proliferating products, and more sophisticated buyers. Customers are pressuring their suppliers to bring the full depth of expertise to every sale. As a result, B2B companies must decide between having a number of sales forces to sell different products or adding layers of sales specialists who can assist colleagues on the front line. As one purchasing manager said, "Most times, the 'pure' sales guy will not help us at all—we really need the technical expertise to design the right solution."

## The end of the road warrior

Before the recession, companies in many industries were building new channels to reduce the cost of servicing smaller customers. Remote interactions, however, remained rare for larger managed accounts, whose need for "face time" was always beyond challenge. But cost pressures resulting from the economic downturn have forced many B2B vendors to reevaluate that stance, with surprising results.

Customers are becoming much more comfortable getting the information they need from sales resources over the telephone or through Web conferences and video conferences. While customers haven't changed their criteria for making purchases, they have become more relaxed about and adept at basing decisions on a mix of interaction types. This change in behavior—a challenge for vendors with rigid, "siloed" sales models and inflexible sales roles—is forcing vendors to meet new requirements.

Consider the experience of the networking-equipment group Cisco Systems. Besides helping to deploy virtual-interaction solutions in sectors as diverse as health care, higher education, and manufacturing, the company uses "virtual specialist" support to service its own customers. This change has reduced travel costs for sales specialists by 50 percent globally, saving millions of dollars a year. It has increased the time sales reps spend with customers by an average of 40 percent and improved the reps' productivity and home–work life balance. Customers now find that sales specialists are more accessible. Finally, sales reps can spend more time on high-value face-to-face selling activities, such as complex interactions with current clients and efforts to find new ones.

## Making the most of data

The use of granular customer data and predictive analytics is no longer the domain solely of B2C sellers such as Amazon.com. B2B sales teams report that the rapid adoption of these techniques has increased the volume and quality of sales leads and improved conversion rates. Predictive analytics are becoming widespread both in markets serving

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smaller customers (larger data sets facilitate predictive modeling) and in those with large customers (companies can examine statistical variations in performance across accounts to highlight opportunities).

These analytics are prompting sales and marketing teams to create additional strategic and operational roles. They are also forcing frontline sellers and their managers to become sophisticated data users, reducing the influence of old-fashioned gut instinct in driving the decisions of sales teams. Vendors must now retrain staff, retool processes, and allocate time in new ways.

One B2B wholesaler, for example, statistically examined the performance of the leading customers in each product category. It then predicted "target" revenues at an aggregate and product category level, building a predictive model to estimate the size and frequency of customer purchases. The model helped the wholesaler take action if a customer didn't behave as predicted. Just by using available data, the company built an early-warning system for possible declines in business and a powerful sales opportunity tool, which drove a 12-percentage-point increase in revenue growth.

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These trends present challenges beyond sales groups as finance units consider the infrastructure implications, marketing professionals manage both analytical and creative processes, and product-development groups adapt to meet varying customer needs. Yet the improving economic situation represents an opportunity for organizations to switch from focusing on survival to identifying areas where they should invest time and energy to position themselves for long-term success.

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**Christopher Davie** is an associate principal in McKinsey's London office, **Tom Stephenson** is a principal in the Silicon Valley office, and **Maria Valdivieso de Uster** is a consultant in the Miami office. 