

Marketing & Sales Practice

How COVID-19 has accelerated changes in the B2B sales landscape in Brazil

New analysis makes it clear: The digital revolution is a huge leap forward for B2B sales in Brazil.

by Adriano Canela, Jose Carluccio, Guillaume de Dampierre, and Bruno Furtado.



The **COVID-19 pandemic** has forced B2B buyers and sellers to go digital in a massive way. What started out as a crisis response has now become the next normal, with great opportunities and big implications for how buyers and sellers do business in the near future.

Since the crisis began, McKinsey has been surveying decision makers in Brazil across different industries and in companies of different sizes, and the research reveals some significant findings:

1. Both B2B buyers and sellers prefer the new digital reality

More than three quarters of buyers and sellers believe this new digital model is more effective and say they now prefer digital self-serve and remote human engagement over face-to-face interactions—and that sentiment has steadily intensified.

Self-serve and remote interactions have made it easier for buyers to get information, place orders, get support, and arrange service, and customers have enjoyed that speed and convenience. Only about 20 to 30 percent of B2B buyers say they hope to return to in-person sales, even in sectors where field sales models have traditionally dominated, such as pharma and medical products.

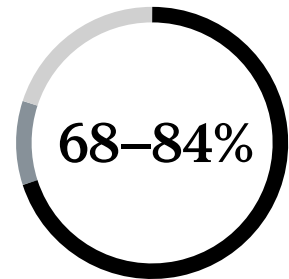
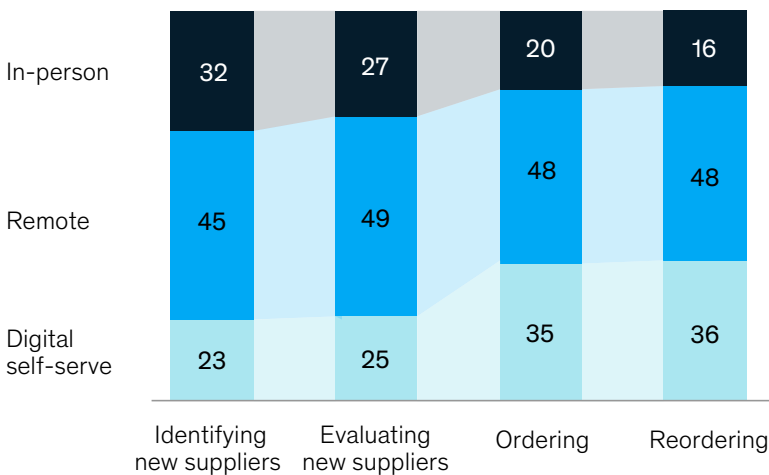
Exhibit 1

Most B2B seller interactions have moved to remote or digital ...

... and that's exactly what customers want.

Current way of interacting with suppliers' sales reps during different stages¹

% of respondents³



of B2B decision makers prefer remote human interactions or digital self-service^{2,3}

Why?

- Ease of scheduling
- Savings on travel expenses
- Safety

¹Q: "How would you currently interact with sales reps from your company's suppliers during the following stages of interactions?"

²Q: "How would you prefer to interact with sales reps from your company's suppliers during the following stages of interactions?"

³Figures may not sum to 100% because of rounding.

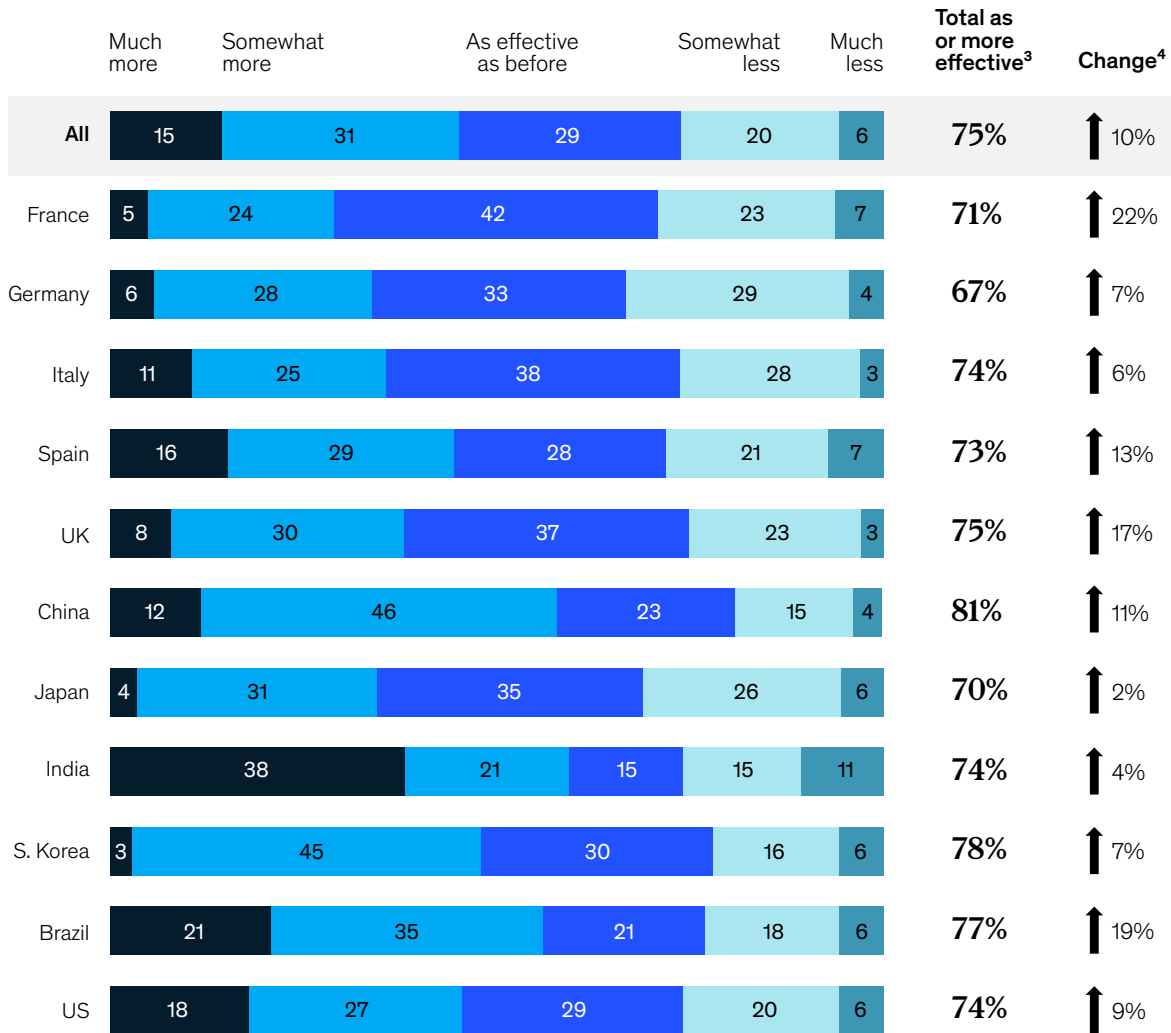
Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/31–8/10/2020, Brazil (n = 400)

Exhibit 2

Belief in the effectiveness of new (mostly remote) sales model has increased in all countries since April.

Effectiveness of new sales model in reaching and serving customers^{1,2}

% of respondents



¹Q: "How effective is your company's new sales model at reaching and serving customers?"

²Figures may not sum to 100% because of rounding.

³Percent of respondents choosing "as effective" or more so compared with prior to COVID-19.

⁴Percentage-point change in respondents choosing "as effective" or more so compared with April.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27–8/11/2020, Brazil (n = 402)

While this shift is present across all countries surveyed, it is particularly pronounced in Brazil. Only B2B decision makers in China and South Korea have higher approval ratings for digital and remote sales than those in Brazil, while only France outpaced Brazil in the size of the swing in favor of digital and remote sales.

2. Customers are buying big online

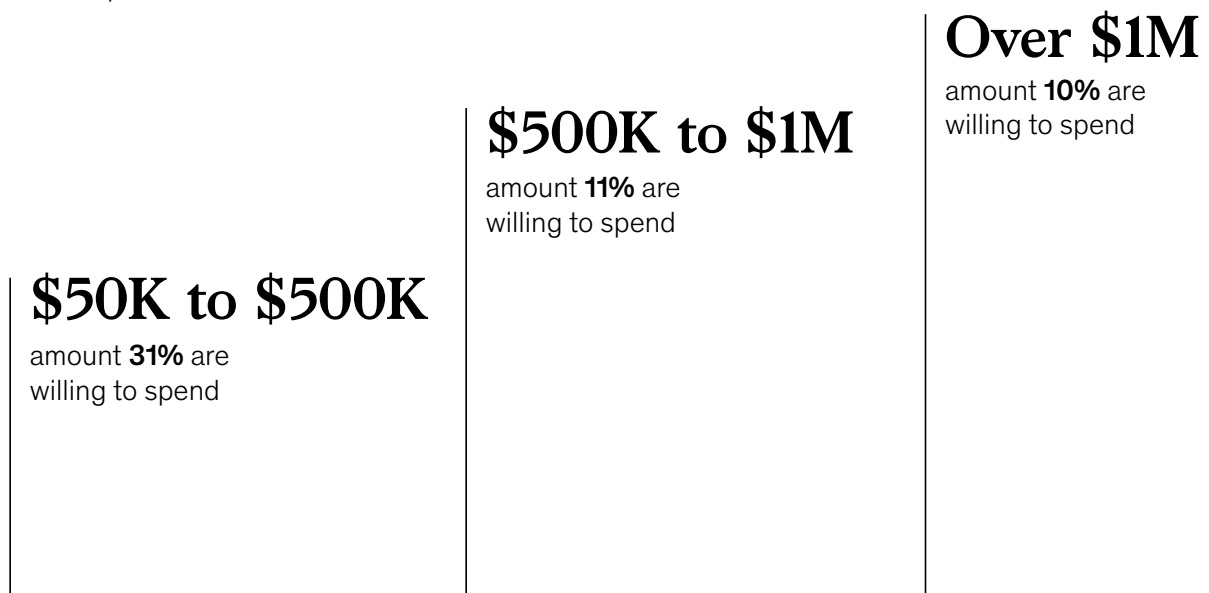
The most notable sign that digital sales have come of age is the comfort B2B buyers display in making large new purchases and reorders online. The prevailing wisdom was previously that e-commerce was mainly for smaller-ticket items and fast-moving parts. Not so anymore. Notably, more than 50 percent of B2B decision makers in Brazil say they are open to making new, fully self-serve or remote purchases in excess of \$50,000, and 21 percent would spend more than \$500,000.

Exhibit 3

Remote and self-service is not just for low-value purchases; a majority of users spend \$50,000 or more.

Value of maximum order you would place through end-to-end digital self-service and remote human interactions for a new product or service category^{1,2}

% of respondents



¹Q: "What is the maximum order value that you would purchase through end-to-end digital self-serve and remote human interactions for a new product or service category?"

²Numbers do not add to 100% because "I don't know" option offered was not included for analysis.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020 Brazil (n = 400)

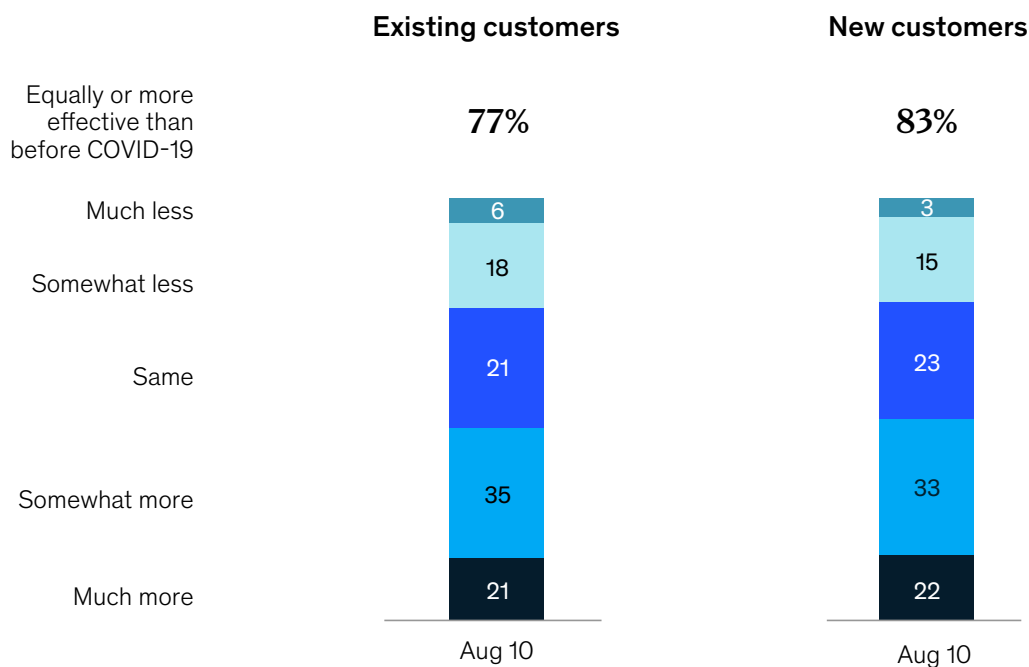
B2B decision makers in Brazil say that online and remote selling is as effective as in-person engagement, or even more, not just for reaching and serving current customers but for acquiring new customers as well.

Exhibit 4

B2B decision makers believe the new model is just as effective for prospecting as it is for existing customers.

Effectiveness of new sales model in reaching and serving customers^{1,2,3}

% of respondents



¹Q: "How effective is your company's new sales model at reaching and serving customers?"

²Q: "How effective is the new sales model in acquiring new customers (eg, those that have never purchased from your organization before)?"

³Figures may not sum to 100% because of rounding.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020, Brazil (n = 400)

3. Video and live chat are the emerging stars of new go-to-market models

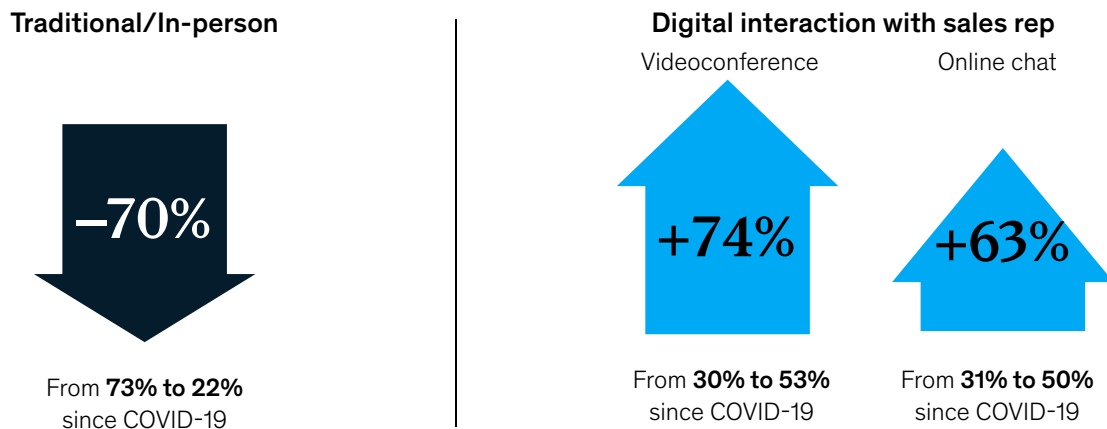
With the massive shift to digital resulting from COVID-19, video and live chat have emerged as predominant channels for interacting and closing sales with B2B customers, while in-person meetings and related sales activities have dropped precipitously. Digital self-serve also gained relevance during the pandemic, increasing its penetration as a sales model by 17 percent.

Exhibit 5

The majority of B2B companies have shifted their go-to-market model from traditional ...

... to digital, with heavy reliance on video and online chat.

Go-to-market sales model during COVID-19^{1,2,3}
% of respondents



¹Q: "In what ways was your company's product or service sold before COVID-19?"

²Q: "Now today, in what ways is your company's product or service sold during COVID-19?"

³Figures may not sum to 100% because responses under "other" option offered were not included in analysis, and because of rounding.

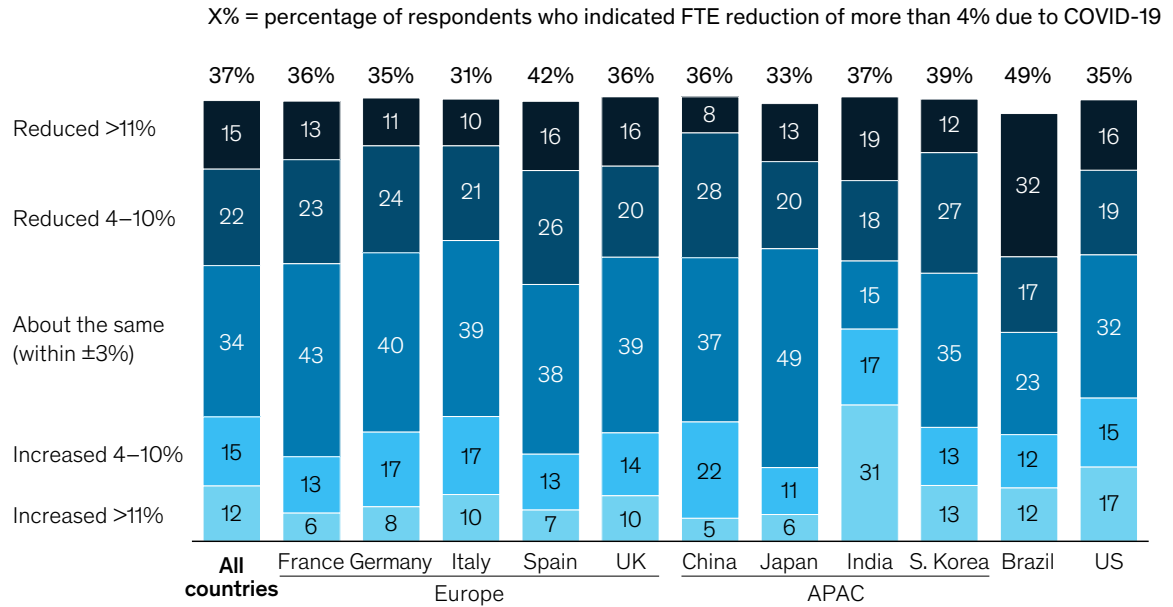
Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020, Brazil (n = 400)

Brazilian companies have adjusted their salesforce size and their footprint due to COVID-19 more aggressively than companies in other countries. Half the companies interviewed have reduced their in-person sales teams and their number of physical locations, demonstrating a clear commitment to fit into the new model. Additionally, three in four companies believe they need to further develop their capabilities and technology to succeed in this new B2B world, given the likely predominance of digital from now on.

Exhibit 6

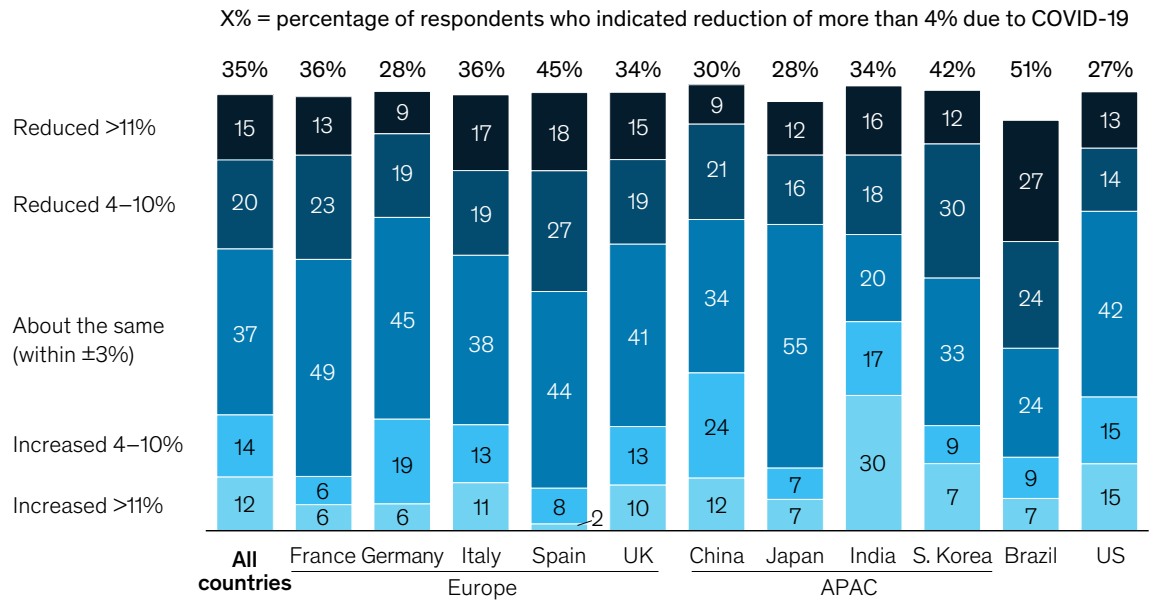
In most countries, one in three B2B companies have already reduced their FTEs for in-person sales . . .

Changes in number of people (FTEs) in in-person sales (changes already made)^{1,2}
 % of respondents



. . . and the number of physical locations offering in-person sales.

Changes in number of physical locations³ using in-person sales (changes already made)^{4,5}
 % of respondents



¹Q: How has your organization changed your in-person sales team structure?
²Figures may not sum to 100% because of rounding; "Not Applicable" option was given; however not included for analysis.
³Q: How has your organization changed your in-person sales team structure?
⁴Figures may not sum to 100% because of rounding; "Not Applicable" option was given; however not included for analysis.
⁵Dealerships, stores, branches, etc.
 Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020, (US n = 602), (France n = 206), (Spain n = 200), (Italy n = 401), (UK n = 206), (Germany n = 401), (China n = 408), (S. Korea n = 200), (Japan n = 200), (India n = 400), (Brazil n = 402)

In addition to shifting their sales model, Brazilian companies are also introducing new products and services according to new landscape brought by COVID-19, increasing the focus on the long-term sustainability of their products and services, and shifting their geographic focus to areas with lower risks.

4. The future is digital—and optimistic

According to survey respondents, these pandemic-induced adjustments are likely to become permanent. Close to nine in ten decision makers say that new commercial and go-to-market sales practices will be a fixture throughout 2021 and possibly beyond.

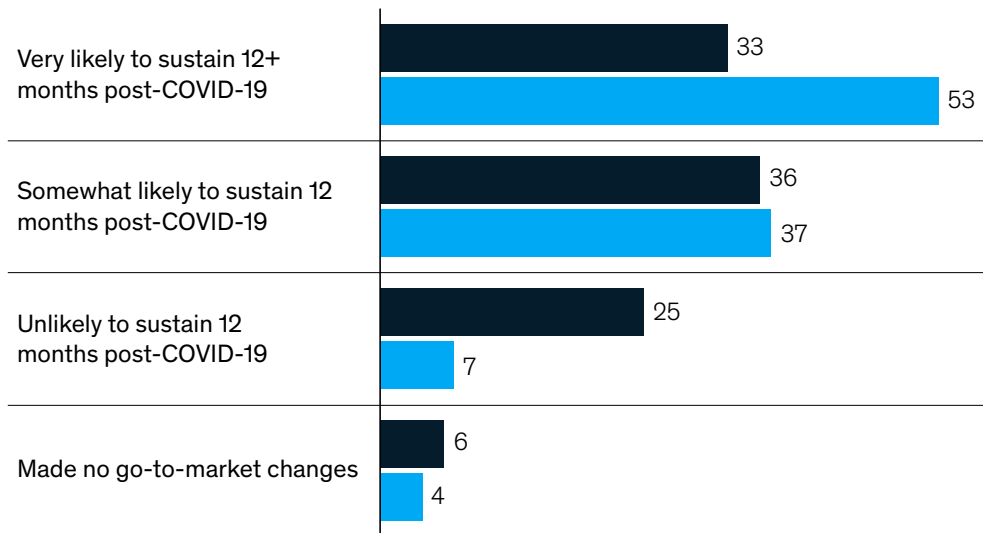
Exhibit 7

Companies expect the new sales model to persist.

Staying power of new sales models¹

% of respondents

■ April 27
■ August 10



90% are “very likely” or “somewhat likely” to sustain these shifts 12+ months after COVID-19, up from **69%** in April 2020

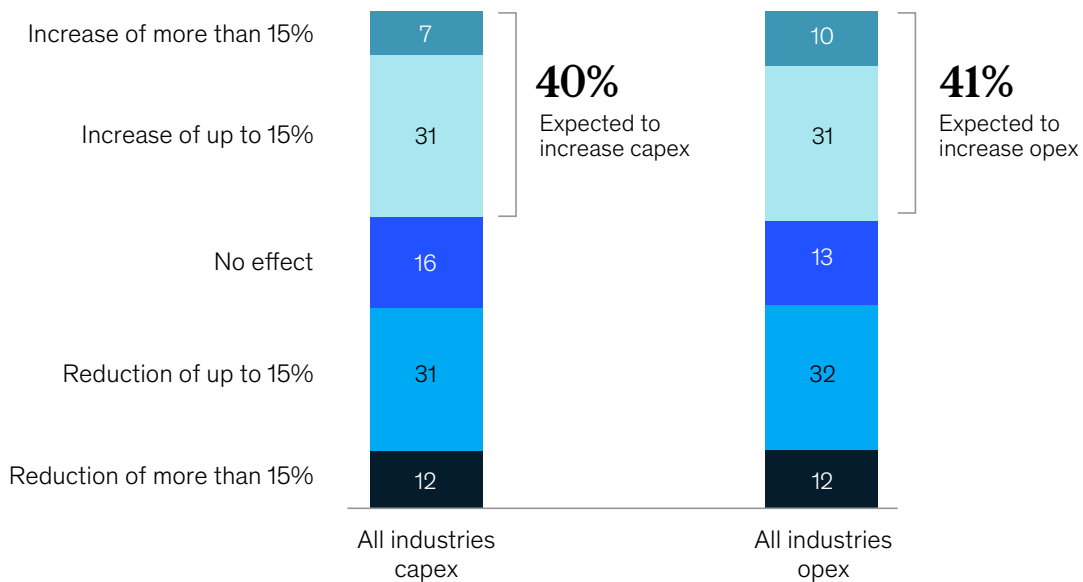
¹Q: Which of the following statements best describe the changes your company has made to its commercial and go-to-market model during COVID-19? Figures may not sum to 100% because of rounding. Source: McKinsey COVID-19 B2B Decision-Maker Pulse #2 4/23–4/27/2020 (n = 419), McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/31–8/10/2020 Brazil (n = 400)

Despite this, sentiments remain upbeat for a significant percentage of decision makers. Their optimism is reflected in the number of B2B decision makers who expect capital expenditures and operating expenditures to rise in the next five years.

Exhibit 8

Brazilian industries expect capital and operating expenditures to rise.

Expected change in capex and opex investments in industry over the next 5 years due to COVID-19^{1,2}
 % of respondents



¹Q: “Over the next 5 years, how do you think COVID-19 will affect your industry’s costs and investments in each of the following areas?”

²Figures may not sum to 100% because responses under “prefer not to answer” option not included in analysis, and because of rounding.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27–8/11/2020, Brazil (n = 400)

The dramatic increase in digital adoption presents an outstanding opportunity for B2B enterprises. The shift to virtual sales can help sales organizations lower their cost per visit and acquisition cost, extend their reach, and significantly improve sales effectiveness—while delighting customers, who are demanding these new ways of interacting and are likely to reward suppliers that do them well.¹

¹ McKinsey’s 2018–19 Omnichannel Sales Insights Survey revealed 1.5–2 times greater likelihood that companies that offer “outstanding digital experiences” alongside “traditional sales experiences” will become their customers’ primary suppliers.

But while the opportunity is significant, so is the pressure to capitalize on it. B2B leaders that commit to further digitizing their go-to-market models should derive competitive advantage over their slower-moving peers in the form of more—and more loyal—customers. The COVID-19 crisis has forced B2B players to adapt quickly to the next normal, resulting in financial stress for all companies throughout the value chain. Designing crisis-resilient sales organizations is key in a world prone to uncertainty.

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