

WHEN B2B BUYERS WANT TO GO DIGITAL—AND WHEN THEY DON'T

New research indicates where to focus digital investments so that they will reap rewards in online and face-to-face channels.

by Christopher Angevine, Candace Lun Plotkin, and Jennifer Stanley

It was long held that B2B customers would shun digital channels, explaining why many suppliers have been slow to make significant investments in them. Wisdom had it that the products and services purchased were just too complex. New research puts that claim to rest, but it also makes clear that B2B suppliers cannot choose between a great sales force and great digital assets and capabilities. To drive growth, they need both. The research further suggests that companies should see their initial digital investments as the glue that holds together a powerful multichannel sales strategy.

The findings

We surveyed more than 1,000 buyers in four countries in a range of industries to identify their preferences when dealing with suppliers. The responses showed that industry sector is not a factor in buyers' decisions to turn to a digital channel rather than a traditional one when deciding what to buy. What determines the channel of choice is whether or not the buyer is making a first-time purchase. As Exhibit 1 shows, 76 percent of B2B buyers find it helpful to speak to a salesperson when they are researching a new product or service. That figure falls to around

50 percent for repeat purchases of products with new or different specifications. And only 15 percent want to speak with a salesperson when repurchasing exactly the same product or service, no matter whether it's the purchase of a router or, say, bulk commodity chemicals. There is also a small group of people who are happy if they never speak with a sales representative.

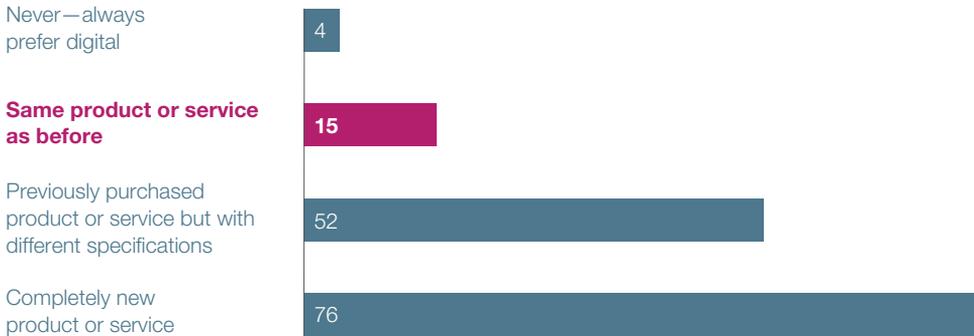
When it comes to actually making a purchase, 46 percent of buyers say they would be willing to buy from a supplier's website if the option were available and the service efficient. That compares with just 10 percent who make an online B2B purchase today.

The importance of an efficient service relates to the second finding: the way the experiences of B2B buyers in the online consumer world has influenced their expectations. Be they online or off, B2B buyers want an immediate response. They want ease of use (the ability to find the information they need effortlessly). And they want that information to be both accurate and highly relevant to their particular needs, wherever they are on the customer decision journey.

Exhibit 1

Only a small proportion of B2B buyers need in-person support when making a simple repeat purchase.

When buyers find it helpful to speak with someone,¹ % of respondents



¹ In person or by phone. Respondents were able to choose more than 1 answer.

Source: McKinsey B2B customer decision journey survey, 2016

Noteworthy too is how often they are dissatisfied with suppliers' current level of digital and offline performance: some 46 percent of survey respondents said it was difficult to compare products online accurately. They are frustrated that they cannot complete a repeat order easily. And they grumble about the time it takes to get a response when seeking help.

Indeed, slow response times are by far the biggest frustration for buyers, bigger even than pricing issues (Exhibit 2). Some 30 percent of buyers of industrial technology, for example, said they preferred to buy from distributors because manufacturers' sales representatives took too long to get back to them. That is not to say that all distributors outperform suppliers, but it illustrates how a slow response risks lost sales. After the sale, the four most commonly identified pain

points that would prompt a buyer to consider an alternative supplier all relate to suppliers' lack of responsiveness (Exhibit 3).

The implications

The survey findings suggest the need for two different sets of digital investments.

Customer-facing investments

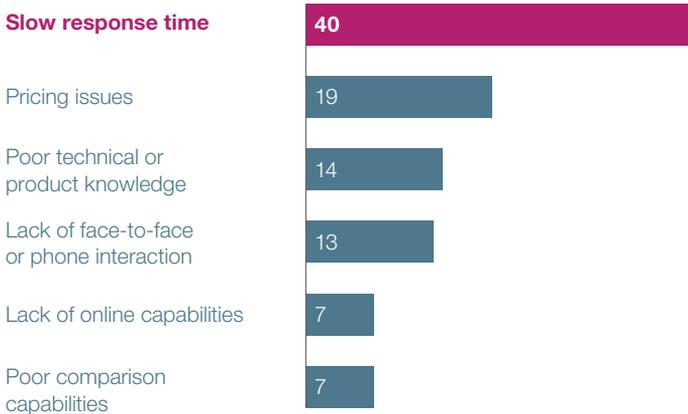
The first set targets those who are comfortable or even prefer being online, keeping them satisfied and loyal, speeding up the sale, and encouraging them to spend more.

For instance, comparison engines will help ensure buyers consider suppliers' products and services in initial searches and give them easy access to information. Click-to-chat support on company websites will offer buyers the assistance

Exhibit 2

A slow response time is buyers' biggest complaint.

What frustrates buyers most, % of respondents



Source: McKinsey B2B customer decision journey survey, 2016

they expect around the clock. And automatic email reminders will drive repeat purchases. (Half of all B2B buyers rely on sellers to remind them when to reorder, according to our survey, but many sellers disappoint.)

Some companies provide direct online sales, perhaps with an automated next-product-to-buy engine based on customer-transaction data. An advanced-materials and -machinery company we know tripled market revenue growth in this way. Direct sales are not an option for all, yet even those suppliers that sell indirectly will have to work with distribution partners to facilitate online purchases if growth is their goal.

Whatever the functionality, it will have to meet expectations for speed set in the B2C world. “There’s no sense having an e-chat function that I have to wait in a 15-minute queue to use,” one buyer told

us. “I want it now, or I’m logging out and going elsewhere.”

Sales-force investments

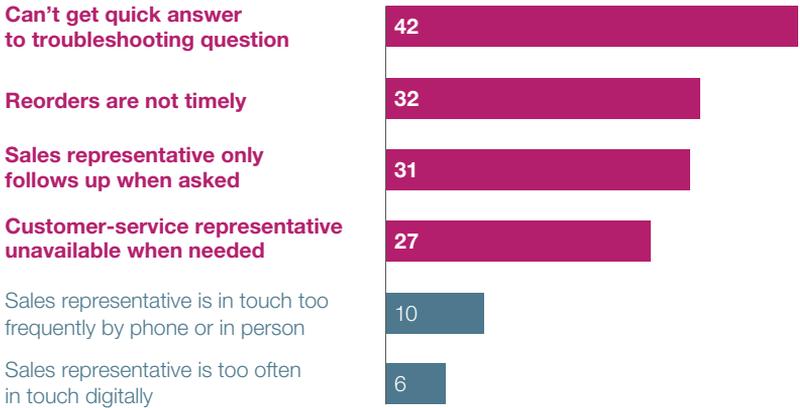
The overwhelming majority of buyers told us they still want the prompt attention and expertise of a salesperson when making decisions about first-time purchases. Investments in digital assets will indirectly help the sales force meet those needs, freeing them up from dealing with routine inquiries (when customers don’t want to talk to them anyway). Instead, they can devote time to helping customers with more complex buying needs, as well as seeking out new customers. However, a second set of digital investments will help the sales force directly.

Relatively simple customer-relationship-management tools can track customers’ previous questions and help anticipate needs. Virtual product demonstrations on a browser or tablet (when visiting a

Exhibit 3

A slow response risks losing customers to competitors.

Why, after making a purchase, buyers might look for a different supplier,
% of respondents¹



¹ Respondents were able to choose more than 1 answer.

Source: McKinsey B2B customer decision journey survey, 2016

buyer) will assist in a sale. Customer-segmentation and value-proposition engines help sales representatives build tailored offers in the field that quantify the value for the customer. And as in the online world, advanced analytics can prompt buy recommendations. They can even feed sales representatives with real-time information on how to price an offer based on an analysis of deals other salespeople in the company have closed.

This is just the start. Suppliers' digital strategies will have to change in line with evolving customer preferences. But it makes sense for them to cut their teeth in the digital world with investments that reflect customers' current preferences and expectations. 

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