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BEYOND MAINSTREAM



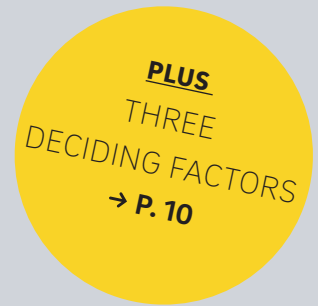
March 2017

Win the customer in B2B sales

Benchmarking digital tools along the customer journey

THE BIG

3



31

digital tools were surveyed by Roland Berger

Page 6

58%

of companies perceive improvement
of the customer experience as the main
benefit of digitization in B2B sales

Page 9

2/3

is the scale of the anticipated rise in
digital tool usage over the next 3 to 5 years

Page 9

Enhancing customer satisfaction: Providing an Amazon-like experience

Your partner's birthday is coming up and you have the perfect gift in mind. You go online, type in some key search words and spend a few minutes browsing a variety of products. Everything you need to make an informed purchase is right there on your screen, including detailed descriptions and delivery times, customer reviews and even alternative product recommendations. After paying for the perfect gift online, you finish your lunch break and get back to work. As an industrial procurement manager you might expect the same great customer experience when ordering online in a professional capacity. But would your expectations be met?

Digitization is transforming the way we do business and has touched every step of the customer journey. It is changing the way customers act before, during and after deciding to purchase a product. Increasingly, B2B industrial sales customers expect the same Amazon-like experience they have become accustomed to in their daily lives. In our Think:Act publication, "The digital future of B2B sales: How capital goods firms must adapt to their customers' changing demands", we outlined how firms operating in the B2B market must increasingly adapt to customers' evolving needs and investigated why digitizing the sales process is a key success factor.

In this edition, Roland Berger introduces a new study analyzing a broad range of digital tools that enhance customer experience. We unveil the results of

our analysis into the current and desired future usage of digital tools by B2B companies in Germany and Switzerland. Our findings highlight a gap between the current and desired level of digital tool usage across all phases of the customer experience. There can be no doubt that digitization is creating another "new normal" and that there is a need for future business operations to digitize.

Join us now on a journey into a whole new digital world of B2B sales.

"We are seeing that our customers – looking at industrial products – expect an Amazon-like experience."

Shawn Burns, Senior Vice President of Web & Digital Marketing, Schneider Electric

From awareness to retention: Five stages in the customer journey and their digital readiness

Intense engagement across every touch point during the customer journey is crucial in leading customers toward a decision to buy from your firm. B2B companies would be well advised to actively ease the process by applying digital technologies and solutions to shape the customer's experience and perception.

We talk about the customer journey to describe the five stages every customer passes through. The five stages of the customer journey span awareness, interest, evaluation, purchase and retention.

When we talk about the customer experience we are referring to what B2B companies can do to support this journey, make it pleasant and so enjoyable to the customer that it ends, as a matter of course, with a purchase.

Many companies today put their product at the center of their sales activities. But it is much more important to place the customer at the heart of all your efforts. Some companies have mastered the challenge of seeing the customer journey from the perspective of their customers and streamlining the customers' experience. Especially in sectors where it is difficult to differentiate by products, an exciting customer experience can help leave a pivotal impression in the customer's mind. → **A**

In the interests of turning the journey into a strong experience, we have analyzed the usage and helpfulness of no less than 31 digital tools in total.

To find out where B2B companies currently stand on digitizing their sales and marketing activities, we conducted a survey of management representatives in sales and marketing analyzing more than 230 companies in Germany and Switzerland. We focused mainly on organizations in the engineered products industry but included some companies from related sectors, such as automotive and aerospace. The 31 tools we examined represent only a portion of the digital toolkit available to companies in the market today. Although certain digital tools are inevitably found in some phases more often than others, many of the tools can be applied across various phases to enhance different aspects of the customer experience.

We asked respondents to rate their current intensity of tool usage on a scale of one, denoting no usage, to five, signifying that the tool is an important asset in their sales strategy. A tool achieving a high rating in the current status means that this tool is used intensively in most companies. A low rating indicates that this tool is not used or used very little in most companies. We also inquired about the desired status of tool usage on the same scale. Any tool with a high rating in the desired status is one that companies would prefer to use very intensively, whereas a low rating means companies do not see much potential in this tool and do not desire to use it more.

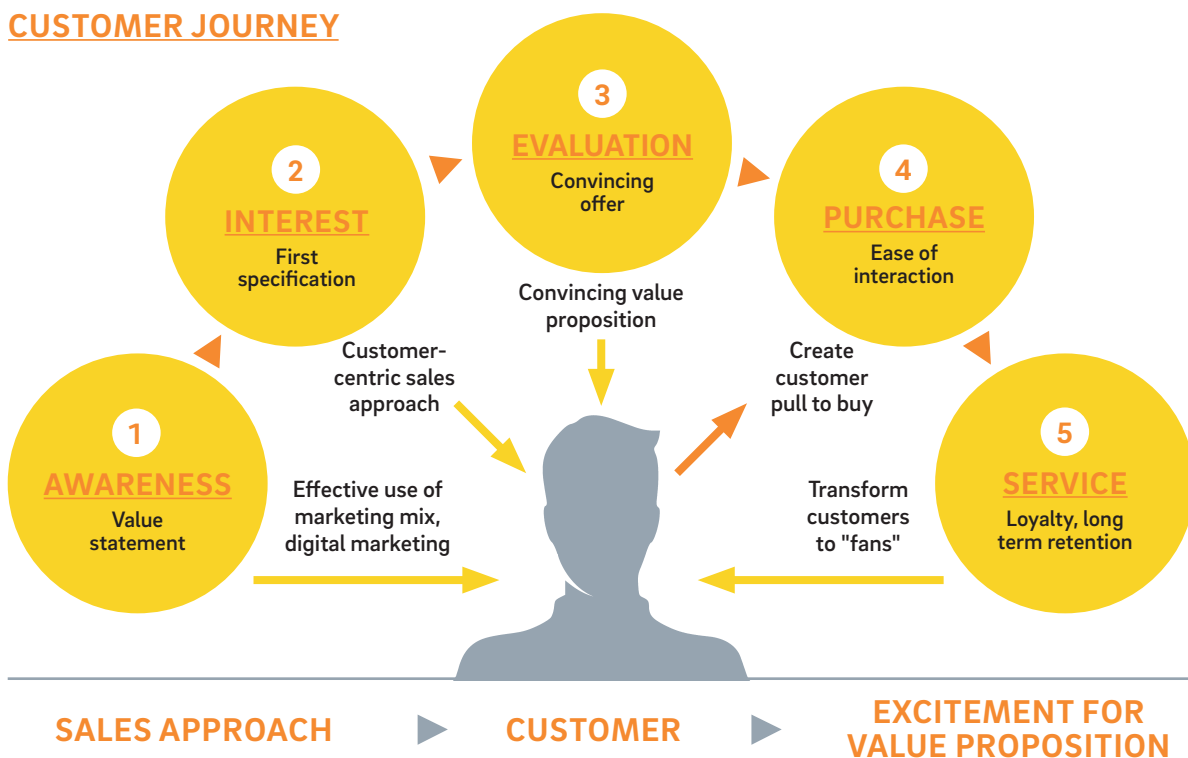
The results indicate a gap between the current and

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THE CUSTOMER JOURNEY DESCRIBES THE FIVE STAGES EVERY CUSTOMER PASSES THROUGH

The customer experience refers to actions taken to make it pleasant and enjoyable to the customer

CUSTOMER JOURNEY



Source: Roland Berger

desired status of digital tool usage across all five phases of the customer experience. This gap indicates that companies see the benefit of digital tools in B2B sales. Not only that – they know they have to act.

KICKING OFF THE CUSTOMER EXPERIENCE WITH AWARENESS

Awareness is all about getting your brand name out there. As indicated in our previous Think:Act magazine, "The digital future of B2B sales: How capital goods firms must adapt to their customers' changing demands", today's procurement managers are younger and more digitally connected than ever before, which means that ranking highly in a Google or Bing search is a goal to which all B2B sales organizations naturally aspire. But they need to go further than that. Interna-

tional heating systems manufacturer Viessmann is a good example of a company that effectively raises customer awareness with a strong social media presence. They are engaged across a wide range of popular social media channels and regularly share information like in a news feed, through which they have built up quite a following.

In the awareness phase of the customer experience, we found that search engine optimization (SEO) is the most commonly used tool, followed by social media. Many B2B sales organizations are already focusing on SEO in an effort to improve their company's ranking in web searches, with the ultimate aim of attracting more visitors to their website, potentially bringing more customers to their door. Indeed, the need for such action appears to have hit home, with our results revealing

B

DIGITAL TOOLS USED ALONG THE B2B CUSTOMER JOURNEY

Awareness

- Digital advertisements
- Digital marketing campaigns
- Geofencing (push messaging)
- Social media (e.g. Instagram)
- Search engine optimization (SEO)
- Video channels (e.g. youtube)

Interest

- Email/mobile marketing
- Online white paper
- Personalized homepage (for individuals or target groups)
- Product videos/webcasts
- QR/barcode scanning
- Virtual reality (e.g. virtual showrooms, product presentations)
- Webinars/online seminars

Evaluation

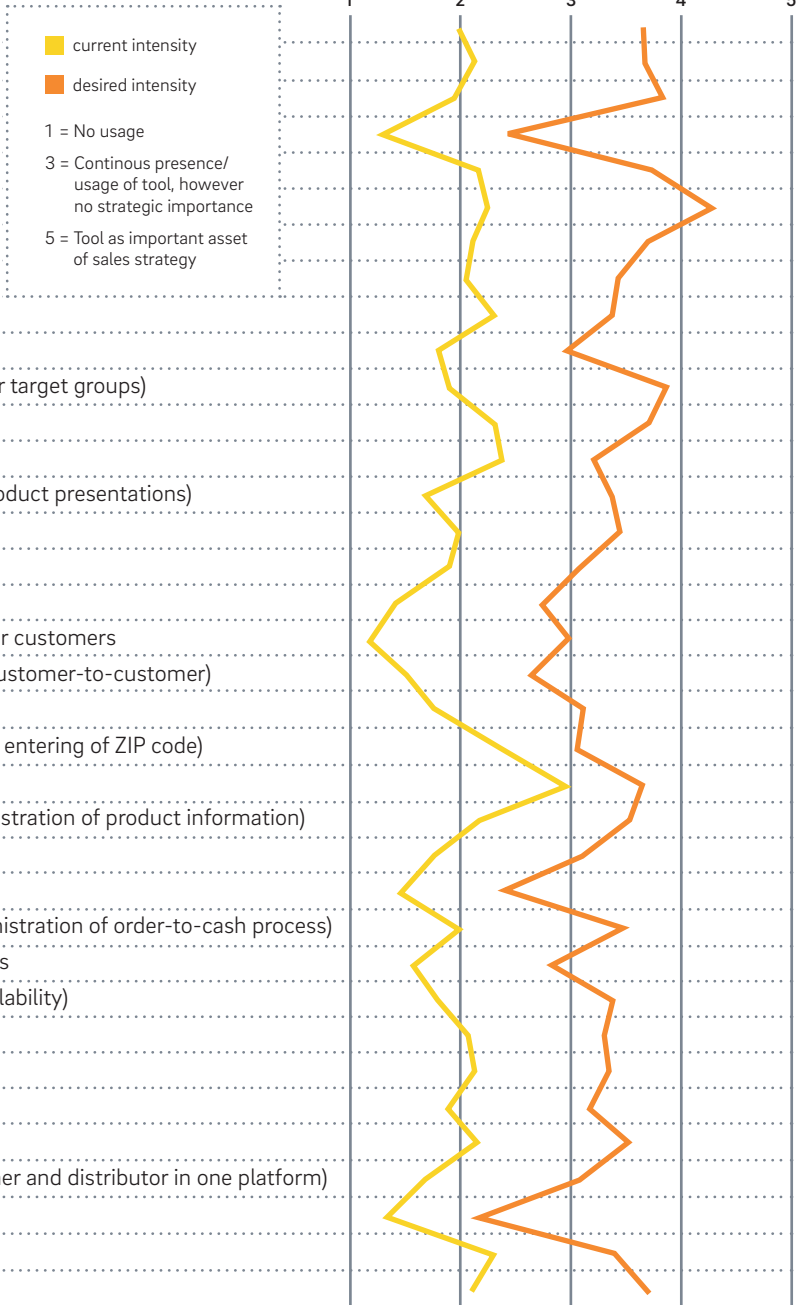
- Live chat for customer engagement
- Mobile/online appointment scheduling for customers
- Online blogs (company-to-customer or customer-to-customer)
- Online configurator
- Online dealer/partner finder (e.g. through entering of ZIP code)
- Online product catalogue
- Personalized customer portal (e.g. administration of product information)

Purchase

- Dynamic pricing
- Online order administration (online administration of order-to-cash process)
- Personal shopping assistant for webshops
- Real time information (e.g. live stock/availability)
- Tablets for customer meetings
- Webshop

Retention

- Customer mobile/tablet apps
- Digital community (integration of customer and distributor in one platform)
- Digital customer loyalty card
- E-newsletters
- Online customer feedback tools



companies' desire to continue improving their performance here: search engine optimization scores a higher desired status rating than any other tool in the questionnaire (4.24 out of 5). Yet this tool's 2.01 point gap between current status (2.23) and desired status (4.24) is also the highest of any tool in the questionnaire and indicates a first area for improvement.

Social media allows B2B companies to reach their target audience through channels such as LinkedIn, Twitter, Facebook, Snapchat and Instagram, which offer access to a large, global and fast growing group of potential customers. Our study results reveal that companies place high worth on social media.

RAISING INTEREST IS THE NEXT STEP

Moving on to the next phase of the customer experience we arrive at interest. This is where the customer, being aware of your company and its products, is curious enough to seek additional information. They want to know how your products work, what kind of services you offer and how your products could fulfill their particular needs. Companies like Bauder or Schneider Electric offer a great example of how customers can be provided with personalized homepages to meet the individual needs of different stakeholder groups. Each section of their homepage presents the various target groups with tailored content which eases their search for information.

In the interest stage of the process, our study found that videos and webcasts are the tools of choice (scoring 2.35 out of 5), also in the B2B environment. These tools are extremely useful in giving customers detailed information about products and services. Futuristic virtual reality (VR) tools were seen as less valuable by B2B companies participating in our in-depth survey. However, virtual reality is gaining traction and offers considerable potential for selected areas of B2B marketing with its capacity to provide digital showrooms to bring the live experience of the product to the customer. In the current status, VR as a relatively new tool in the marketing spectrum seems to offer a great deal of potential for increased usage, as it is currently ranked the lowest of all tools in this phase (1.72 out of 5). Our study results also indicate that companies see considerable value in personalized homepages, as described above (respondents rated them 3.88 out of 5 in terms of desired status).

EVALUATION MEANS CONVINCING THE CUSTOMER

By the evaluation stage of the customer experience you have gained your potential customer's interest and you now want them to decide to buy your product. Convincing the customer that your product is superior to all others and bringing your unique selling point to the fore is what this stage is all about. A best practice example is Hilti. Building on the company's well-developed distribution network, Hilti's corporate website ensures that you are never more than two clicks away from finding the nearest product distributor. Their approach creates a perfect symbiosis of channels, making the best of the company's online and offline offerings. Customers can thoroughly inform themselves online and, should they seek further guidance before being able to make a sophisticated purchase decision, they can go to the local dealer for a comprehensive consultation – digitally enabled through the dealer finder function. Second hand car dealer Vroom demonstrates how the B2B sale of complex products like cars can benefit from digital tools, with the launch of a new virtual reality showroom. All that potential customers need to do is don a VR headset to see what their chosen car looks like from the inside or hear how the engine sounds. They can even enjoy a virtual test drive. Vroom's multi-channel approach facilitates the personal contact with the customer that remains so important in an emotional buying experience such as a car purchase while simultaneously reaping the benefits of next generation digital tools.

As an element in the evaluation phase of the industrial sales customer experience, mobile and online appointment scheduling for customers turned out to be the digital tool with the lowest current usage score across the entire survey. By way of comparison, online product catalogues are currently the most widely used digital tool in industrial sales with the highest score of all (3 out of 5). It comes as no surprise that this tool ranks so highly, given that the existence of an online catalogue of products is almost taken for granted today.

B2B e-catalogues give your customers the opportunity to access information on products and promotions from wherever they are, increasing their engagement and incentive to buy. Understandably, companies' desire to use this tool to an increasing extent was found to be high (3.63 out of 5 for desired status).

HIGH POINT: THE PURCHASE

We have now arrived at the apex of the customer experience – the purchase. Three things need to happen here. First, you do not want your customer to change their mind, and second, you want the customer to feel good about their purchase and experience a smooth and easy buying process. Last but not least, you want your customer to complete the deal. Way too often, the whole procedure can still be aborted just before the last click owing to the level of complexity and/or non-transparency experienced by the customer.

US company John Deere has found a way to make the purchasing experience for the customer easy and Amazon-like. Customers go to the website and build their own product, adding any optional equipment of their choice. They can locate a dealer in their neighborhood to answer their questions if need be, before selecting a financing option and making their purchase, all of which is done online. The entire purchasing decision is easy, intuitive and fluent – leaving very little room for the customer to cancel the purchase on the grounds of complexity.

We found that webshops are currently used extensively across B2B sales companies in Germany and Switzerland in the purchase phase, this being the tool with the highest current score (2.12 out of 5) in this phase.

Webshops are obviously a "must have", especially for the sale of standard products that are not overly complex. However, not all products are suitable for online shops. Highly complex products demand a level of personal consultation to understand the product and its functions, whereas standardized products can easily be offered online.

For another thing, in B2B sales where the sales process is driven by personal interaction, pricing tends to be a matter of bargaining, especially when it comes to complex products and solutions. Again, webshops would make more sense for standardized products where the pressure from competitors is quite high and dynamic pricing could help to absorb the full willingness to pay.

Our survey respondents rated online order administration the highest in terms of desired status in this phase (3.42 out of 5). The current status of this tool is rather in the middle field (2 out of 5), indicating the potential for more use of online order administration. This might be linked to webshop operation, which

boasts a desired status not quite as high as online order administration but definitely above average in this phase (3.31 out of 5/average 3.09).

DON'T UNDERESTIMATE RETENTION

Retention, the final stop on our customer journey, is very important. Many companies make the mistake of ceasing all interaction with the customer after a purchase is made. But even after a successful sale, it is essential to keep customers interested in buying your products again in the future. General Electric, for instance, has an Industrial Internet Blog. Various authors post articles here about recent developments or their point of view on the digital manufacturing future.

According to our survey, the tool that was ranked the highest in terms of its current status for the final phase of the customer experience was e-newsletters (2.27 out of 5), which comes as no surprise given the popularity of electronic newsletters among companies of various sizes in all branches of industry today. But don't forget: Just because e-newsletters are familiar to everybody as a means of engaging with future and existing customers by communicating relevant and helpful content, it doesn't mean that there aren't other forms of digital communication that might be more suitable for your client base.

Looking at our study results, we were also able to see that many companies hope to make use of an online customer feedback tool in the future – these tools achieved the highest rating here (3.69). Digital customer loyalty cards were shown to be the least used tool in the retention phase of the B2B sales experience at the moment. Yet the kind of customer loyalty programs we are familiar with from the B2C world could create customer benefits in B2B as well.

THE BOTTOM LINE

If we compare the whole process from awareness to retention and look at the average ratings across the digital tools, it is obvious that the first phases exhibit the highest average scores for both current and desired status. In contrast, the phases of evaluation and purchase are the lowest rated on average in both current and desired status. Generally speaking, it is clear to see that companies perceive a great deal of potential in digital tools in the phase of awareness building.

Going digital: How to take your company into the digital realm

Companies have a wide choice of digital tools with which to influence customers' purchase decisions and drive value throughout all stages of the customer experience. Depending on your industry, or the product or service you are offering, the stages of the customer experience upon which you would like to focus your efforts may vary. What digital tools can offer is an ideal solution to the issue of explaining not only complex products but all your offerings to your potential customer base. A range of options exist here, including posting white papers, engaging with the customer in live chats, and presenting complex features via the medium of video in a way that your customers can understand. Ultimately, digital tools can make it easier for your customers to be inspired by your product.

The results of our study reveal that the use of digital tools in B2B sales is still relatively low across the companies surveyed in Germany and Switzerland. That said, there is evidently a great deal of upside potential.

What is clear from our findings is that no phase of the sales process escapes the pervading influence of digital tools. B2B sales organizations see the value in digital tools, and many have plans in place to integrate more digital tools into their sales process. We expect a rise in digital tool usage of about 2/3 in the next 3 to 5 years. When it comes to new tools like virtual reality or geofencing – the use of GPS and/or radio frequency identifiers to create virtual boundaries around a location and posting messages to people crossing said boundaries – it is worth noting that more time and adaption cycles will be needed before they can be seamlessly integrated into the B2B sales process.

CONCLUSION

Customers in general are increasingly looking for an Amazon-like experience when it comes to B2B buying. With the advent of this "new normal", it becomes imperative for future business operations to further digitize the sales interface. In fact, digitization needs to be used as a bi-directional, high-value information and communication stream. Many companies seeking to characterize their customer base are therefore likely to see data tracking and analytics as key capabilities. A broad range of new digital tools can be used to aid your B2B sales processes, dramatically enhancing the effectiveness of sales outreach, customer engagement and interaction. The majority of companies perceive improvement of the customer experience as the main benefit of digitization in B2B sales, bringing about a shift from information to engagement and eventually customer excitement. Being seen as modern and innovative and ready to embrace innovation will have a knock-on effect on the way your products are perceived, enhancing trust in the innovation of your products. The time has come to steer your organization into the digital domain by creating a smooth and Amazon-like experience throughout the entire customer journey for your B2B industrial sales customers.

THREE DECIDING FACTORS

Roland Berger has identified three specific recommendations for companies operating in the B2B industrial sales domain, highlighting digital tools that can assist you in each step of the sales process. Investing early in innovative technologies and staying up to date is key.

1. Digitize early customer contact

First of all, the superior benefits of digital tools when it comes to customer targeting, efficient information delivery and versatility in terms of languages and 24/7 availability leads to greater customer penetration and more efficient information dissemination. For this reason, we advise rapidly transitioning the bulk of early customer contact surrounding awareness creation and interest generation to the digital domain. A good approach to enter the world of digital tools in terms of customer targeting and digitizing your sales process is to follow three steps. First, define the customer group you want to target. Personal profiles combined with process mapping are a good way to understand your customer group's context. Second, you need to define the right tool for your specific customer group. The right tool should also be determined by your own degree of digitization and the service level you can offer. Third, you need to integrate your offline sales process and your classic sales force with the digital tools and online customer experience you are aiming for. Ideally you'll become able to deliver a seamless customer buying journey where online and offline tools support the conversion along the sales funnel.

2. Focus on consultative selling

Our second recommendation is to focus the company's sales force on consultative selling by maintaining a high level of personal interaction in the evaluation and purchasing stages of the customer journey with the help of numerous digital tools. Unlike B2C sales, where awareness and interest lead to the development of brand affinity and play a key role in purchasing decisions, all these serve to do in the B2B domain is help to get your product on the shortlist for further evaluation. But digital tools can assist your B2B sales force in making consultative selling a reality. From simple videos to more complex configurators that your potential customers can access on their own mobile devices, there are many ways to bring the experience of using your products to life for your customers before ultimately getting them to commit to a purchase. The key purchasing criteria in the B2B market are largely compliance with technical specifications and competitive pricing. Both of these require strong company participation in consultative selling, including an active negotiation process, which needs to remain the bastion of your sales organization. Online configurators in the B2C segment, such as those that customers can use to select optional extras in cars, define system configurations in computers, and choose insurance or banking products based on risk appetite, are notable examples, which can be translated into equivalent solutions for B2B sales. On this basis, companies can potentially shape their sales teams into a lean but significantly consultation oriented organization with a strong focus on product expertise and competency in negotiating deals, supported by digital tools.

3. Aim for customer excitement

When it comes to customer retention, digitization can play a significant role in transforming the experience from customer contact to customer engagement and ultimately customer delight. Traditional after-sales customer interactions like follow-up visits and email reminders to order parts can be upscaled to achieve a more structured and targeted engagement. Examples include offering customer portals containing tutorials on the utilization and maintenance of equipment, all the way to webinars featuring the latest trends in customers' specific sphere of work, going beyond product information and into the overall professional development of the individuals targeted. A further retention strategy is to offer refill or maintenance reminders for the purchased product, which can also be supported by digital tools.

ABOUT US

Roland Berger, founded in 1967, is the only leading global consultancy of German heritage and European origin. With 2,400 employees working from 34 countries, we have successful operations in all major international markets. Our 50 offices are located in the key global business hubs. The consultancy is an independent partnership owned exclusively by 220 Partners.

FURTHER READING



THE DIGITAL FUTURE OF B2B SALES

How capital goods firms must adapt to their customers' changing demands.

Roland Berger and Google Deutschland recently conducted a survey of 2,745 sales managers at B2B companies to investigate how much progress digitization initiatives have made in sales so far. The responses suggest that some B2B providers underestimate the strategic importance of sales – or are unable to effectively implement the transformation process in their companies.



WHOLESALE – THE DIGITAL TRANSFORMATION

Exclusive findings of our latest survey and analysis.

Digital technology is opening up new sales channels – and access to new customer groups – for the wholesale trade. At the same time, customers' behavior and expectations are experiencing fundamental change. "Traditional" wholesalers must respond swiftly to these challenges if they are to stay competitive and get in shape for the digital future. For wholesalers as for businesses in other sectors, the Internet holds out tremendous opportunities to improve customer service.

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