Harvard Business Review

Digital Transformation

How B2B Businesses Can Get Omnichannel Sales Right

by Doug J. Chung, Isabel Huber, Jean-Charles Devignes, and Tom Clauwaert

January 24, 2022

Artur Debat/Getty Images

Summary.   Buyers want it. Sellers need it. But how do you get B2B omnichannel right? How do you create a seamless experience for customers and drive profitable growth for suppliers? It's not trivial, but it's not rocket science either. The key is a comprehensive, cross-channel... **more**

Ler em português

During the early stages of the pandemic, many B2B companies considered remote interactions as a temporary patch, a way to stay in touch with customers while sales reps were confined to

their home offices. Now, it's becoming clear that omnichannel is here to stay, and many businesses aren't prepared for this permanent change.

The latest B2B Pulse research from McKinsey shows that two thirds of U.S. buyers opt for remote human interactions or digital self-service at various stages of their decision journey, such as identifying, searching for, reviewing, and evaluating new suppliers, as well as for ordering and reordering. While this shift is partly driven by Covid-related lockdowns and distancing requirements, it is in tune with a larger trend that predates the pandemic. Over the course of the past five years, the number of channels B2B buyers use has doubled, from 5 in 2016 to 10 in 2021. And a staggering 94% of respondents say that the new omnichannel sales model is as effective as, or more effective than, the previous sales model.

Although B2B buyers are enthusiastic about omnichannel interactions, they are also very clear about what they want from suppliers — and very willing to switch if "must-haves" are not offered. For example, 82% of B2B decision makers will actively look for a new supplier if a performance guarantee is not offered. Players who get omnichannel right though can not only attract new customers but retain existing ones, leading to higher revenues, lower cost to serve, improved customer satisfaction scores, and reduced churn rates.

A comprehensive view of each customer is key

B2B buyers expect the same level of omnichannel service and flexibility as when they shop in their personal lives. They want to be able hop from channel to channel as they advance in their buying journey. They may start by researching their options at a supplier's website or a social media platform. When questions come up, they want to be able to open a chat, call a sales representative, or receive a call back within a few hours, and they expect the sales rep to be up to speed on their history, provided they have agreed to data collection. They may want a specialist to meet them on site at their plant to select the perfect product or solution for their purposes.

Many B2B players struggle with the implementation of omnichannel interactions because they treat channels as silos ("multichannel"), rather than as a set of interconnected tools a customer may want to use at different stages of a decision journey, or at different points in the relationship with a supplier ("omnichannel"). To enable seamless end-to-end omnichannel journeys, B2B players must create a comprehensive view of each customer and deliver consistent messages across channels. Successful omnichannel sellers use CRM tools that provide visibility on the entire customer journey. Such tools enable them to combine leads from different sales departments and channels. Based on this kind of transparency, they can create a seamless experience for customers, and they can reward sales representatives regardless of where a customer makes the final purchase.

Five success factors for moving to omnichannel sales

We've observed five elements of successful transitions from a multichannel model, where multiple channels exist side by side, to a fully integrated omnichannel model. The common factors among successful businesses that make this shift are customer centricity, a holistic approach, pro-active channel conflict management, strong digital foundations, and agile collaboration across functions.

Customer centricity: To create seamless and compelling customer journeys, pioneers put customers and their needs at the center of their omnichannel offering. Over half of B2B companies in the U.S. conduct extensive primary research to better understand customer decision journeys, with top performing companies more likely to do so than slower growing companies. They review transaction logs and conduct targeted research to come to a clear understanding of customer preferences at each touchpoint and stage of the decision journey. They build comprehensive, fully integrated customer profiles and manage relationships across channels. For example, a large technology company faced increasing pressure from smaller, highly customer-centric competitors. In response, the company

reimagined its customer experience and put customers back at the center of its activities by designing, building, and operating a digital customer experience platform. A corresponding pilot was conducted with more than 450 customers to enable better identification of customer needs and more targeted solution recommendations. The program resulted in higher satisfaction, reduced churn, and an uplift in digital sales.

A holistic approach: One in three B2B companies re-defined the role of each sales channel in their company's overall go-to-market strategy within the past year. A specialty chemicals company developed a holistic B2B omnichannel strategy that was tailored to the specific needs and characteristics of the company's business model and customer base. The process involved setting up three distinct sales channels (field sales, inside sales, distribution) and a clear channel allocation approach. To forge a truly holistic approach, the channels were complemented by three supporting functions across the customer journey, spanning all channels and enabling a seamless experience:

1. A lead generator role was set up to generate leads at scale across all channels through market scans and by leveraging business intelligence.
2. The online presence was upgraded to address customers' needs across the digital buying journey via multiple digital platforms, including the company's web site, social media profiles, and an e-commerce portal.
3. A dedicated customer service team supported customers with ordering and fulfillment.

Overall, this holistic approach enabled the company to increase the number and frequency of customer interactions with supporting digital information, to enhance the company's reach and relevance through external platforms and lead generators, and to provide customers with more flexibility by offering online ordering to all customers.

Proactive channel conflict management: Many companies say they have faced increased channel-competition challenges as a result of field sales roles working from home similar to an inside sales and they are very concerned about their relationships with distributors which has stifled e-commerce progress. Omnichannel outperformers do not avoid conflict. Rather, they address it proactively, using segmentation to find the perfect fit of channels, customers, and products or services. This is what one industrial tech company did when it increased direct online sales to generate higher revenue and increase margins, reduce reliance on third-party distributors, and improve customer relationships. The company needed to understand and mitigate the risk of channel conflict, particularly with dealers. It mapped the customer decision journey by segment with the help of quantitative research and interviews. The segments were defined by factors such as interaction preference, average order size, purchase frequency, and expected lifetime value. The company also modeled the economic impact of shifting products from one channel to another (e.g., from distributors to direct sales, or from traditional sales to e-commerce). It also applied war gaming to determine how stakeholders might respond to a new channel strategy. Based on these actions, the company's omnichannel taskforce was able to recommend specific channels for different products and customer segments.

Digitally enabled sales and marketing: Successful omnichannel transformations have a strong digital foundation. This requires investments in the right technology (hardware and software) and a strong connection between sales and IT, allowing organizations to make significant improvements in advanced analytics and the latest sales tools. Another important success factor is the implementation of marketing automation with digital analytics (e.g., for cross-/upselling and dynamic pricing). Leading players also apply digital marketing and sales to drive personalization at scale. An agricultural input distributor achieved significant revenue and performance gains through an omnichannel transformation focused on digitization and analytics. Specifically, the company implemented new data streams to give sales teams

more accurate tools for lead generation. This goal was achieved by combining three initiatives:

1. Multiple data sources were used to create digital lists that were delivered directly to each salesperson.
2. Advanced data and analytics supported the creation of live dashboards to track performance and value capture.
3. Customized lead lists were used to support digital marketing and campaigns to increase conversion.

The new platform was backed by a flexible and scalable technology and data stack to ensure long-term success.

Agile cross-functional collaboration: Successful businesses implement agile ways of working across commercial and growth functions. A crucial factor is attracting or developing the right talent and getting people from different backgrounds to work together. A travel company focused on agile collaboration to build a successful B2B platform in only four months. It involved creating cross-functional agile teams with developers, designers, and product and business managers. Weekly meetings with project sponsors supported a rapid decision-making process and enabled the company to quickly remove roadblocks. Demos were conducted to illustrate new processes and generate enthusiasm within the organization. In addition, close collaboration between marketing and commercial departments ensured the development of a state-of-the-art platform.

An omnichannel maturity assessment

To drive targeted omnichannel transformation efforts, companies should start by assessing their omnichannel maturity level. This kind of assessment enables companies to prioritize investments as they embark on an omnichannel transformation effort.

Level 1: Omnichannel launch. Companies at this level aspire to offer customers a more integrated omnichannel experience. Multiple channels are in place, but these work largely in isolation, rather than as part of a seamless customer experience. Level 1

companies seeking to overcome silo thinking should focus on the customer-centric reimagination and implementation of end-to-end journeys. In addition, detailed role descriptions should be defined for key functions (such as field representatives, inside sales, and customer care). Also, a mechanism to manage channel conflicts should be put in place (e.g., using segmentation and cross-channel incentives).

Level 2: Omnichannel acceleration. An omnichannel model is in place. Now the company is looking to differentiate its go-to-market approach and leverage analytics to reach the next level of growth. Level 2 companies aspiring to leverage analytics to reach the next level of growth must consider the benefits of marketing/sales automation. This can include the automation of standard parts of the sales process (for example, with AI-powered chatbots) or the implementation of website personalization. Data-driven insights can be leveraged across channels to generate leads and capture growth. The transfer of digital analytics to other sales channels (for example, territory planning) can be helpful.

Level 3: E-commerce launch/acceleration. There are already multiple channels in place, and they work together seamlessly. The only thing missing is an effective e-commerce/digital channel. For level 3 companies seeking to build their own commerce portal or partner with an e-commerce marketplace, the link to other channels is crucial. Many B2B companies set up their websites as stand-alone solutions. While this may work well for new, online-only customers, it can lead to frustration among existing customers. Leading B2B companies use state-of-the-art, cloud-based platforms to integrate customer data across channels in real time. More importantly, they redefine the role of the sales rep and recognize that traditional sales roles have evolved and settled into an overall hybrid role. Hybrid and digital are the fastest-growing sales roles outpacing growth in more traditional roles like field sales.

Getting omnichannel right is far from trivial, but it's worth the effort. A company-wide commitment to omnichannel excellence can be a real game changer for B2B companies. Early movers will

not only be in a better position to fend off competition, but they can also capture cost savings, increase customer satisfaction, reduce churn, and grow their businesses.

The authors acknowledge the contributions of Jan-Christoph Köstring, David Sprengel, Candace Lun Plotkin, Yvonne Graf, Cornelius Grupen and Julia Katharina Schmidt.

Doug J. Chung is the MBA Class of 1962 Associate Professor of Business Administration in the Marketing unit at Harvard Business School. Doug's research focuses on sales force compensation, and he has worked with firms worldwide to develop effective employee incentive compensation systems. He teaches a course on sales and sales force management at Harvard Business School.

IH

Isabel Huber is a Partner with the Marketing & Sales practice of McKinsey & Company. Isabel mainly focuses on Sales Operations and Commercial Excellence transformations in Advanced Industries and Energy sectors.

JD

Jean-Charles Devignes is a Partner with the Marketing & Sales practice of McKinsey & Company. He specializes in indirect sales and channel excellence as well as sales and channel management especially in the Advanced Industries sector.

TC

Tom Clauwaert is an Associate Partner with deep expertise in sales and channel excellence especially in the Global Energy and Materials sector.