

# A Coordinated Commerce Strategy for B2B Companies

When companies connect commerce-enabled websites with customer, content and inventory data, sales increase, customers are happier—and sales reps discover ecommerce increases their compensation rather than costing them their jobs.

Ecommerce suddenly became a more important sales channel during the coronavirus pandemic for companies that sell to businesses, as such traditional sales methods as trade shows and in-person visits were curtailed. But many salespeople who work for manufacturers, wholesalers and distributors see ecommerce as a threat, which is slowing adoption by many organizations.

That need not be the case. In fact, business-to-business companies are finding that when digital information flows freely through a company, including through the company's ecommerce site, sales reps can do their jobs better, build customer loyalty and increase the organization's sales.

B2B companies can thank the surge in online shopping by consumers in recent years for helping to break down the data silos between corporate departments. The technologies developed to help retailers distribute customer, product and inventory data throughout their organizations are readily available for deployment by companies that sell primarily to businesses, government agencies and other enterprises.

But B2B selling differs from retailing in many ways. Products are often complex, the sums of money can be very large, regulatory issues abound and buying organizations may require several levels of purchase approvals. B2B sales reps understand these issues and have earned customer trust. It's essential their companies effectively leverage those reps even as they deploy ecommerce sites that offer customer convenience, can reach new customers and reduce the costs of handling routine transactions.

This report will provide examples of companies that have successfully deployed ecommerce in ways that enable their sales teams to focus on higher-value services instead of routine order-taking, benefiting customers, the companies and the sales reps. It will also provide tips on how to minimize conflicts with the sales team on the path to digital transformation, including by breaking the journey into manageable segments, making it easier for each step to generate successes that encourage further progress.

And it will address the thorny issue of how to compensate sales reps when their customers start selling online, a crucial question that B2B sellers are successfully handling in a variety of ways.





### The pandemic pushes forward ecommerce

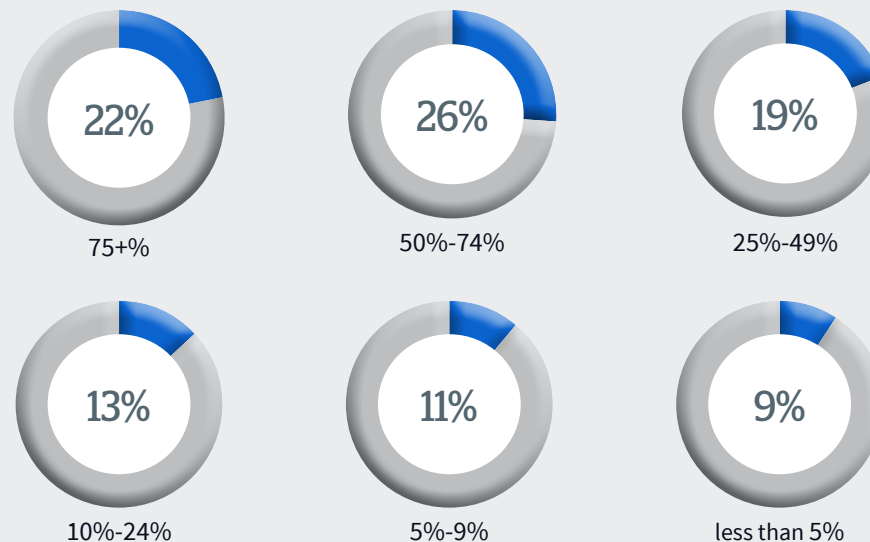
These issues are pressing because B2B ecommerce is growing steadily, and the COVID-19 outbreak has accelerated the process. In a June 2020 survey of business buyers, 48% said their companies already make half or more of their purchases online, and 81% expect to increase their online purchasing in the coming year.

However, resistance from sales teams is an obstacle for many companies seeking to better serve customers online. Among 91 B2B organizations surveyed in May 2020 by Digital Commerce 360, 34% said investing in ecommerce has created conflicts with sales personnel.

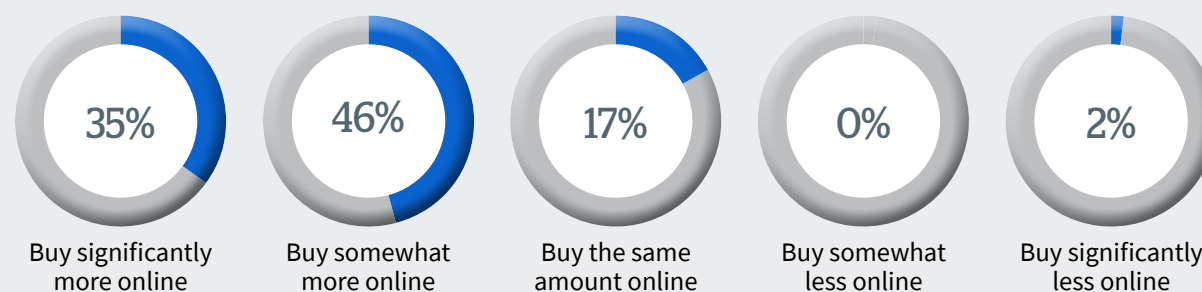
Among those who reported such conflicts, the biggest issue cited was fear by sales leaders that ecommerce would cannibalize existing sales and hurt overall revenue, followed by fear by sales reps that they would end up earning less if their companies encourage customers to buy online.

Interestingly, the survey suggests there has hardly been a bloodbath of sales reps losing their jobs: Only 20% said their ecommerce initiatives led them to reduce the number of sales reps, while 12% said they hired more reps as a result. Looking ahead 12 months, 23% said they expected ecommerce would reduce the number of sales reps and a comparable 22% said it would increase the number. At many companies, ecommerce is having little impact on the size of the salesforce.

What percentage of your company's purchases are made online?



How do you expect your company's online purchase volume (total \$) to change in the coming year?



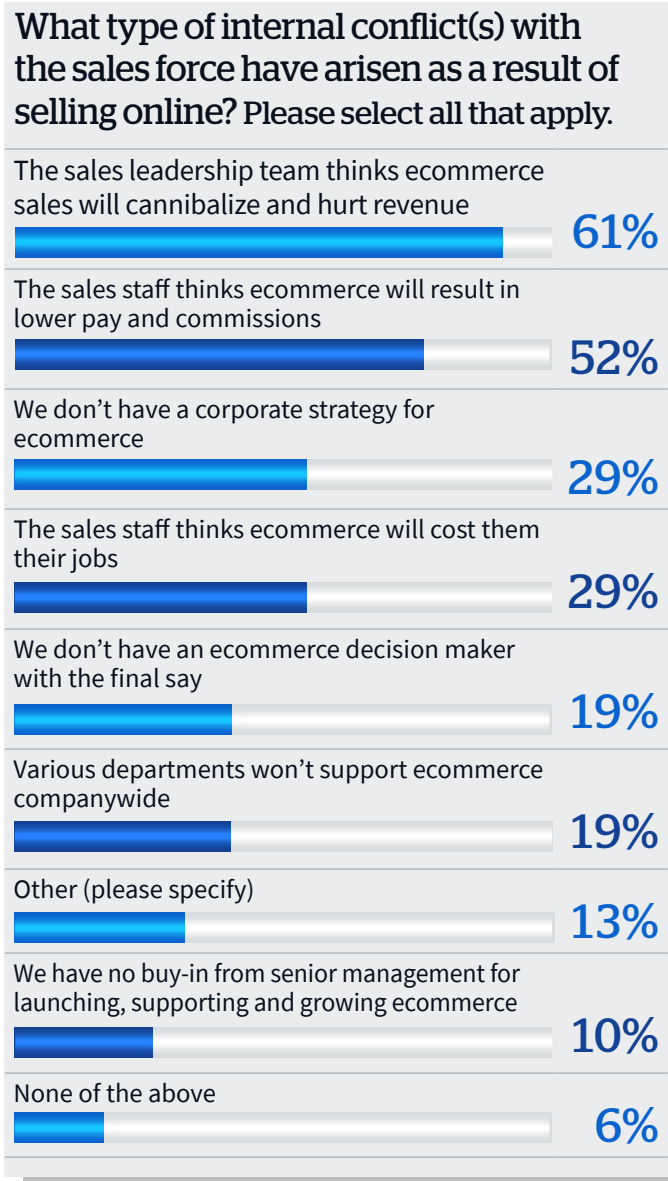
Still, it's important to recognize that those fears of losing jobs or taking pay cuts are widespread. And they may be valid when a company simply spins up a stand-alone ecommerce site and presents it to customers as an alternative to working with a sales rep.

But at sophisticated B2B companies, the ecommerce site is just one element in a more comprehensive strategy of digital transformation. These organizations have broken down data silos to make consistent and accurate data available to all the departments within a company.

In these companies, the website serves customers when that makes sense, and the data integration across departments enables reps to provide customers with services that go beyond what a website can provide. In both cases, the free flow of data serves both the selling company and its customers. For example, customers can in some cases go online to see how much inventory is available—and, if it's not sufficient, call a rep who can see not only what's currently available but what's in the pipeline.

But not all B2B orders are complex, and in many cases a website is the most convenient way for the customer to buy—and the most cost-effective way for the seller to sell.

At The Coca-Cola Company, it cost about \$50 when a sales rep took an order during an in-person visit, \$10 when an agent took the order by phone and \$2-3 when the order was completed on the company's ecommerce site, says Marta Dalton, formerly director of ecommerce at The Coca-Cola Co. and now global ecommerce director at consumer goods manufacturer Unilever.



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What Coke's business-facing website did was free up sales reps from routine administrative work, giving them time to better engage and serve customers, Dalton says. The result: Sales per rep grew by at least 10% and in some cases by 25% or more.

"What ecommerce does is motivate reps by freeing them up to do what they do best—and that's serve the customer," Dalton says. "We tell reps: 'Ecommerce is here to support you and take away the drudgery you don't have to do.'"

### Ecommerce facilitates global sales of complex products

A classic example of drudgery for a sales rep is taking a customer's call about the status of an order. Industrial equipment manufacturer Blount International made minimizing those calls the first step in its ecommerce journey, creating a website where its distributors could log in to see the status of orders they had placed through electronic data interchange, or EDI, a standardized way for businesses to exchange documents such as purchase orders, invoices and shipping notifications.

Once customers became used to the order-tracking system, Blount added browsing and purchasing capability to the website, after first ensuring that the website would display pricing and inventory information in sync with the information a sales rep would access from the company's enterprise resource planning system (ERP).

Blount subsequently added language-specific websites for Brazil, Canada, France, Germany, Japan, Russia, Sweden

and the United Kingdom. Those websites not only allow customers to order in their own languages but also show only the products that Blount sells in each market, says Kevin Schneider, director of business systems.

"When it comes to international markets, we have one brand, but need to adapt to the differences of each market," Schneider says. While the websites provide local-language information 24/7, human sales and service teams in each market are available to work with customers ordering the equipment Blount produces.

The ability to reach customers worldwide paid off during the COVID-19 pandemic for Protolabs, a company that produces prototypes and small batches of replacement parts through such advanced manufacturing techniques as 3D printing—and that takes all its order online.

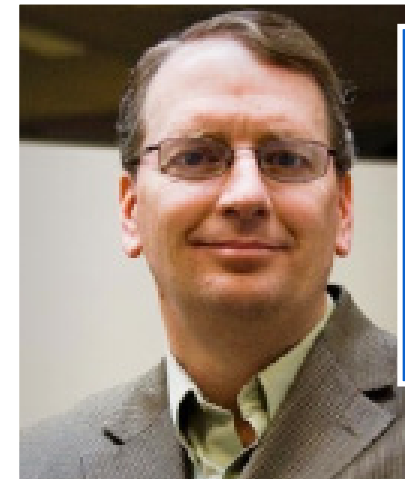
Over a six-month period following the onset of the COVID-19 pandemic, Protolabs worked with 250 companies to design and manufacture nine million parts, generating \$12 million in coronavirus-related revenue in the company's second quarter. Among other projects, Protolabs specialists worked with Italian engineers to turn materials for snorkeling equipment into masks for medical ventilators.

The website served as the entry point for customers, but human beings played a big role in meeting their needs. An internal task force created to meet the sudden demand caused by the coronavirus "worked nights and weekends to make sure orders were designed, manufactured and shipped on an expedited and priority basis," says CEO Vicki Holt.



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Complex products typically mean long sales cycles, but digital tools can shorten the time required to close a deal. Water-treatment equipment manufacturer Magna Imperio Systems Corp. is providing its sales reps and customers with augmented reality software that allows potential clients to visualize how MI Systems’s container-sized devices would fit into their facilities. The customer can upload a photograph of the location that would house the equipment and visualize the machinery in that space.

In some cases, that’s cutting the usual number of pre-sale visits to the customer’s site from six to three and cutting three months off a sales cycle that’s normally 12 to 18 months, says CEO Grant Page. While initially only available through a web link MI Systems provides its reps and clients, the company plans to integrate the AR technology into its ecommerce site and with its customer relationship management system, which will allow it to capture information about how customers are using the AR tool.

Indirect benefits to sales reps from free-flowing data

Customers speak with contact center agents as well as sales personnel, and providing those agents with more information can help them learn more about the purchaser—information that sales reps can use in follow-up engagements.

The coronavirus outbreak drove up customer service engagements by 50% at Robert Bosch Power Tools, part of German manufacturer Bosch Group, and the company responded by making available to customer service reps

such information as customers’ most recent invoices, open service requests, outstanding invoices, even the most recent marketing materials they received, all data stored in the manufacturer’s CRM database.

Not only does that allow the agent to more quickly address the customer’s concern, she can also collect information, such as a missing email address or phone number, and add it to the buyer’s record. That makes it easier for the marketing team to reach that customer in the future. If the agent uncovers a potential upsell or cross-sell opportunity, that information can be forwarded to a sales rep, says Marcel Mueller, CRM product owner at Robert Bosch Power Tools.

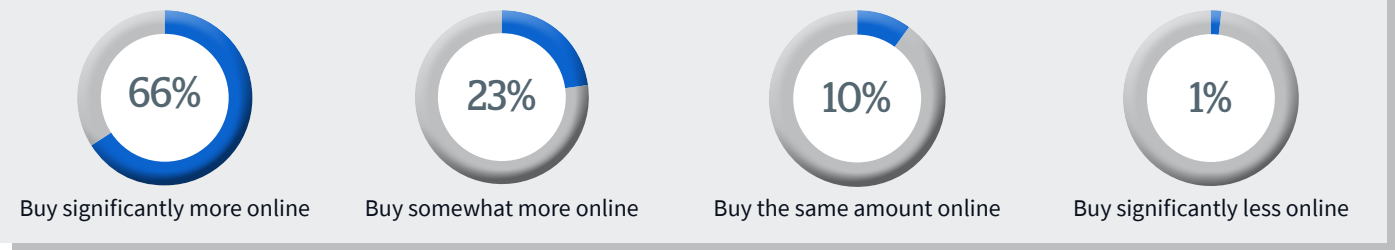
“Service agents don’t just get relevant customer information out of our CRM, they also add to it,” Mueller says.

Another company that sells a combination of products and services to businesses was tracking customers’ addresses—which were required for product installation—and other information in spreadsheets, which were hard to share among



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If you are increasing or planning to increase sales reps’ commissions, by how much will you increase commissions to your reps that use your ecommerce site to sell online?



departments. The company replaced that with a dynamic, online form: Sales reps fill out what they know about the customer and ask the customer to fill out the rest. That provides accurate information that can be shared easily throughout the company.

That not only ensured installers could easily find the address of each job, it also meant that the entire company could see which products and services the customer was using. That could be used to prompt automated cross-sell recommendations through email and also help sales reps prepare for their next call with that account.

### Turning internal expertise into external selling services

In another example of turning digitized data into sales leads, a distributor of audio-visual equipment for theaters and large concert venues created an internal website showing which pieces of equipment were compatible with the many products in the distributor’s catalog. The firm then opened it up to customers by adding a checkout feature. The website allows customers to not only make purchases but also to easily reorder products and create lists of items they want grouped together for future use.

Customers know they don’t have to start from scratch for each upcoming event at a particular venue, and that the products they choose will work together, making that distributor an appealing choice for future orders.

Lawson Products Inc., which sells nearly \$400 million annually of such industrial products as metal-cutting tools and welding equipment, also is using a digital service to solve customers’ problems and boost sales.

The company has connected its 1,000 sales reps via Microsoft Teams, a web-based communications service, so that when a customer contacts a rep with a complex question—such as which cutting tool to use with a particular type of material—the rep can draw on the expertise of 1,000 colleagues to quickly provide an answer.

Lawson has added educational content to its ecommerce site, LawsonProducts.com, including videos and webinar recordings that can help customers find answers to their questions—a self-service feature that can save the time of sales reps. And if a customer does place an order online the sales rep still gets credit for the sale.

### How to handle sales rep compensation

Lawson is not alone in allaying sales rep fears of losing commissions to an ecommerce site by guaranteeing reps they’ll get credit when customers in their region or product specialty buy online: 29% of B2B companies responding to the Digital Commerce 360 survey said they do the same. In addition, 10% said they increased sales reps’ commission rate and 2% their base pay as a way to address sales reps’ concerns.





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But raising pay was not the major way companies are responding to concerns from their sales teams. The primary approach they're taking is to educate sales reps about how an ecommerce site can increase their sales and commissions, cited by 77% of respondents, and listening to sales reps' suggestions about how to design websites to maximize sales (48%). Respondents could choose more than one answer.

Every company's business is unique, of course, and each business will have to figure out a compensation strategy that suits its needs. But the evidence both from this survey and from companies that have invested heavily in digital transformation suggests both the company and its sales reps benefit when an ecommerce site is part of a broader plan to ensure that data flows easily among departments and, when appropriate, to customers and prospects researching online.

### Tips for selling digital to the sales team

Nonetheless, it's important companies recognize that employees are always going to think about how new initiatives impact their take-home pay. Whatever policy a company adopts, it should be explained forthrightly to the sales team, says Ajay Kamble, chief information officer at Turtle & Hughes Inc., an electrical and industrial distributor that sought to win over sales reps by implementing an ecommerce site quickly and continually adding inventory to it to boost overall sales.

"Many sales reps are apprehensive about ecommerce because they fear ecommerce may replace them or have an impact on their income," Kamble says. "The web can free up manual processes to give reps more time to sell and allow them to make more money—that issue should be addressed very early on."

Besides spelling out a clear compensation policy, here are three other best practices that can help companies win internal support for ecommerce and digital initiatives:

- Ask sales reps for their suggestions about the features of an ecommerce site that will drive sales and minimize the time they spend on routine tasks. While 48% of all respondents to the recent survey said they listen to reps' ideas, the companies selling online were twice as likely to do so as those not engaged in ecommerce. That's an indication that as companies move online they derive value from the input of sales personnel.
- Break digital transformation projects into stages and get some early wins—in months, not years. That will help generate enthusiasm throughout the company, from the CEO to the sales team.
- Build into the ecommerce site an auto-replenishment program that enables customers to sign up to receive regular orders of products they need—and compensate sales reps when their clients participate.

Business buyers already were researching and buying online in growing numbers before COVID-19 struck, and the pandemic has driven more customers to ecommerce. But those buyers still want knowledgeable sales reps to be available to help with complex problems. Companies that combine the immense value of their human salespeople with the efficiency of automated digital processes will be in the best position to serve the increasingly web-centric business buyer. ■ ■ ■

